

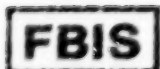
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USSR Report

ECONOMIC AFFAIRS

No. 1072



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INVESTMENT, PRICES, BUDGET AND FINANCE

INDEX FOR ACCELERATING CIRCULATING CAPITAL

Moscow EKONOMICHESKAYA GAZETA in Russian No 37, Sep 83 p 16

[Article by A. Kondrashov, chief economist of "Moszhilpromkomplekt"
[Moscow Housing Industry Complex Production] Combine: "Index for
Accelerating Circulation"]

[Text] For the current five-year plan, we have been given the task of bringing material resources into economic circulation by accelerating the turnover rate of working capital. The initial figures for determining this indicator are the surpluses of the normed working capital, the report period in days, and the production cost of the commodity output. In a general form, the formula for the turnover rate is as follows: the turnover rate in days:

$$\frac{O \text{ surpluses} \times 180 \text{ days (half of a year)}}{S}$$

where O surpluses stands for the surpluses of the normed working capital, and S stands for the production cost of the commodity output.

Here is what I would like to say: In this computation the production cost located in the denominator increases the days for the turnover rate of the normed working capital, when the production cost declines. For example, in our biannual accounting report, the decrease in the production cost of the commodity output helped increase the turnover rate of the working capital by two days, as compared to the planned turnover rate. We can argue that the resultant decrease in the production cost should result in a decrease of the same amount and by the same elements in the surpluses of the normed working capital and these, eliminate the negative side of this occurrence. In an ideal case, this is correct, although it is difficult to imagine an ideal case with the conditions of uneven work of subcontractors which predetermines an uneven recovery of capital, and also a lack of items of certain materials and available surplus of others.

In our practice, the decrease in production cost occurred basically because of saving electric energy, workers' salaries, and corresponding deductions for social insurance. In the normed working capital, they

are reflected in the surpluses of finished products in warehouses and in unfinished production. But in the calculation of the turnover rate, these items of production costs included in the normed working capital are not equivalent to the same cost items included in the production cost of commodity output. Such a situation is explained by the fact that the surpluses of finished products and the unfinished production, especially in the annual account report, represent a much smaller part of the production cost than the production cost of the annual output. Hence the decrease in production cost of these cost items results in an increase in the number of days of the working capital's turnover rate and does not help in implementing the task of bringing material resources into the operating turnover. It is possible to get a negative result in another indicator on the basis of the formula for determining the turnover rate of working capital used in the supplement to the biannual balance F-2 (biannual), even with the working capital being at the normal level, because of decreased production cost.

We believe that the formula recommended by the USSR Ministry of Finance since 1982 for calculating the turnover rate of working capital in the biannual balance does not produce the necessary effect. It seems that the sales indicator used previously for calculating the turnover rate of working capital was more expedient because lowering production outlays increased the profit which remained in the estimate. And our sales indicator did not have the same negative effect on the turnover rate that the production cost indicator for commodity output now has.

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REGIONAL DEVELOPMENT

OVERALL DEVELOPMENT OF KAZAKH SSR EXAMINED

Economic, Social Development

Moscow PLANOVoye KHOZYAYSTVO in Russian No 5, May 83 pp 80-87

[Article by T. Mukhamed-Rakhimov, deputy chairman of the Kazakh SSR Council of Ministers, chairman of the Kazakh SSR Gosplan: "Economic and Social Development of the Kazakh SSR"]

[Text] Yu. V. Andropov, general secretary of the CPSU Central Committee, stated the following at the festive meeting devoted to the 60th anniversary of the formation of the USSR: "... We established a powerful state--the Union of Soviet Socialist Republics--whose formation was not only a major step in the development of socialism, but also one of the most important crucial moments in the course of world history."¹

Soviet Kazakhstan is one of the republics enjoying equal rights in the fraternal family of nations. Under the leadership of the Communist Party its workers have made unprecedented advances in the development of their economy, science and culture. The historical accomplishments that have taken place represent the embodiment of the Leninist ideas of socialist internationalism, friendship and brotherhood among working people.

Kazakhstan is now a major economic region in the national economic complex of the USSR. It has a powerful multisectorial industry, highly mechanized agricultural production and a developed transport network. The republic's annual industrial output is more than five times higher than that during all the pre-war five-year plans taken together. In the volume of industrial production it holds the fourth place among the country's fraternal Union republics and in such sectors as petroleum extraction, the second place and the output of coal, cast iron, steel and electric power, the third place. Its proportion in the all-Union division of labor in the production of nonferrous metal is high. The republic accounts for almost 90 percent of the phosphorus produced in the country and for 40 percent of the feed phosphates.

1. Yu. V. Andropov, "Shest"desyat let SSSR" [Sixty Years of the USSR], Moscow, Politizdat, 1982, p 6.

The republic's contribution to an increase in the output of mineral fertilizers, machine building products and many other articles grows every year.

It is difficult to overestimate Kazakhstan's role in the country's food balance. It now accounts for one-fifth of the all-Union purchases of wheat and for a significant number of procurements of other agricultural products.

The results obtained create a firm basis for the further advance of the republic's economy and workers' well-being.

At the 15th Congress of the Communist Party of Kazakhstan D. A. Kunayev, member of the Politburo of the CPSU Central Committee, first secretary of the Central Committee of the Communist Party of Kazakhstan, stressed that the new five-year plan will become a stage in the further rise in the economy, science, culture and well-being of every family for the republic, as well as for the entire country. This is the main goal, to the attainment of which we must subordinate all our forces and capabilities.

For a successful accomplishment of the new tasks in economic construction set by the 26th CPSU Congress and the 25th Congress of the Communist Party of Kazakhstan the 11th Five-Year Plan envisages the implementation of a set of measures aimed at a rise in the technical level of production, rational utilization of available resources, growth of labor productivity and other technical and economic indicators and improvement in people's working and living conditions.

The five-year plan sets high goals in the further growth of the republic's economy and culture. There are all the conditions for this. The national economy is developing on a qualitatively new basis. More than one-third of the fixed productive capital will be replaced during the current five-year plan and its value will reach 89 billion rubles by the end of the five-year plan. The national income will increase by 20 percent, the volume of industrial production, by 25 percent and the output of agriculture (in average annual terms), by 12 percent. The freight turnover of all types of transport will increase by 18.5 percent, state capital investments, by 12.7 percent, retail trade turnover, by 25.4 percent and per-capita real income, by 16 percent.

In accordance with the party's aim the envisaged rates of development of sectors are closely connected with assignments for the intensification and increase in the efficiency of public production. The growth of labor productivity, acceleration of the rates of scientific and technical progress, improvement in the production structure, strengthening of the policy of economy and refinement in national economic management will be the basic factors in this.

During the 5-year period the productivity of public labor will increase by 16.2 percent. This will ensure about 80 percent of the increase in the national income and will make it possible to save the labor of more than 650,000 people. Labor productivity in industry will rise by 17.2 percent, in agriculture, by 13 percent and in construction, by 15 percent. As a result of the increase in labor productivity plans are made to obtain no less than 86 percent of the increment in industrial output, the entire volume of increment in the output of agriculture and more than 70 percent of the increment in construction and installation work.

Assignments for a reduction in the application of manual labor are set for the first time in the five-year plan, which will serve as an important condition for production intensification. More than 90,000 measures connected with technical retooling, improvement in technology and mechanization and automation of production processes will be introduced in sectors subordinate to the Kazakh SSR Council of Ministers. Twice as many computers and automated systems for the control of industrial processes as during the 10th Five-Year Plan are to be put into operation. The implementation of all these measures will make it possible to eliminate the manual labor of 114,000 people.

During the 5-year period the capital-labor ratio in industry will rise by 30.9 percent, in agriculture, transport and communication, by 24 percent and in construction, by 26.4 percent.

Measures for the strengthening of the link of science with production and acceleration of the introduction of scientific developments are envisaged. The republic's scientific organizations and enterprises will participate in 63 all-Union programs for the solution of major scientific and technical problems.

Much attention is paid to an improvement in the quality of output. The output of articles with the Badge of Quality should increase 1.7-fold. More than 100 new types of industrial products will be mastered.

The fulfillment of the broad program for the republic's economic and social development requires the drawing of sizable volumes of raw materials, fuel-power and other material resources into production, in connection with which the problems of their economical and rational utilization acquire great national economic importance. Therefore, stricter rates of consumption of raw materials and supplies have been established for the current five-year plan. For example, in the organizations subordinate to the Kazakh SSR Council of Ministers plans are made to reduce, on the average, the rates of consumption of rolled ferrous metal products to 15 percent, of pipes for general use, to 10 or 12 percent, of boiler and furnace fuel, to 5 percent, of thermal power, to 6 percent, of electric power, to 8 percent and of motor gasoline and diesel fuel, to 13.5 percent. Measures for the maximum use of secondary resources are planned. The volumes of procurement of waste paper, secondary textile materials, polymer raw materials, worn out tires and broken glass will increase.

The realization of the tasks of the republic's social and economic development during the 11th Five-Year Plan will largely depend on an efficient utilization of the created production potential in industry. In the republic during the five-year plan the volume of industrial production will increase by 5.4 billion rubles and will exceed the total industrial output of 1960. A total of 87 percent of the increase is to be obtained at existing enterprises. For this the maximum utilization of capacities is envisaged in the plan. The capacities for the output of cast iron, aluminum oxide, tractors, agricultural machines, metal cutting lathes, cotton and silk fabrics, knitted underwear and other products will be fully loaded by the end of the five-year plan. The utilization of capacities for coal output and for the production of steel, rolled ferrous metal products, copper, zinc, lead, mineral fertilizers and other types of products will increase.

Plans are made to improve the distribution of productive forces and to further strengthen the industrial power of all the republic's oblasts. The further accelerated formation of territorial production complexes is envisaged. Pavlodar-Ekibastuz, Karatau-Dzhambul and Mangyshlak territorial production complexes are becoming major all-Union bases for fuel and power resources and for the production of chemical and petrochemical industry products.

In the plan special attention is given to the development of industrial sectors determining the specialization and place of Kazakhstan in the country's industrial potential, that is, the fuel and power complex, ferrous and non-ferrous metallurgy, machine building and the chemical and petrochemical industry.

The further development of geological exploration work, primarily for petroleum and gas in West Kazakhstan, increase in the proved reserves of all the most important types of mineral raw materials and intensification in the search and prospecting for deposits of ferrous and nonferrous metal ores, coal and phosphorites are envisaged. Work on the detection of new deposits of underground water is to be expanded.

During the current five-year plan the transfer of electric power beyond the republic's boundaries and its output will exceed the consumption within the republic. By 1985 the production of electric power will reach 97.9 billion kWh, or will increase almost 1.6-fold during the 5-year period. The construction of thermal electric power stations of a total capacity of 20 million kWh on the basis of cheap Ekibastuz coal will continue. The Ekibastuzskaya GRES-1 [State Regional Electric Power Station] will be brought up to the planned capacity and the first stage of the Shulbinskaya GES [Hydroelectric Power Station], more than 21,000 km of electric transmission lines of a voltage of 35 kW and higher and the first stages of two superpower electric transmission lines from Ekibastuz to the Urals and to the Center will be put into operation.

Kazakhstan's role in the country's fuel balance will increase. The output of petroleum and of condensed and natural gas will rise considerably. The development of Kalamkas and Karazhanbas deposits is to be accelerated and new petroleum deposits in West Kazakhstan, that is, Tengiz and Zhanazhol, as well as the Karachaganak Condensed Gas Deposit, will be developed.

With the commissioning of the petroleum refining plant in Chimkent the volume of initial petroleum refining will increase 1.3-fold. The Pavlodar-Chimkent Petroleum Pipeline will be put into operation. The introduction of secondary processes of intensive mazut refining and improvement in the quality and expansion in the assortment of petroleum products are planned at Pavlodar and Guryev plants.

In the republic in 1985 coal output is to be increased to 134.1 million tons with a growth of 16.2 percent. At the same time, the basic increase will be obtained in the Akibastuz Basin and during the current five-year plan more than 60 percent of the coal output will be ensured as a result of the open mining of deposits. Plans are also made to begin the development of the Turgay Coal Basin, where a test pit of an annual capacity of 500,000 tons of coal will be put into operation in 1985.

Ferrous metallurgy has set new targets for itself. Its production volume will increase by 22 percent. With the commissioning of the largest tin shop at the Karaganda Metallurgical Combine the output of tin plate will sharply increase in the country. The enterprise collective takes every measure for the most rapid mastering of the commissioned capacities. Basically, the increase in the output of pig iron, steel, rolled metal products and coke will be attained as a result of the expansion, reconstruction and retooling of existing production facilities.

Work on the strengthening of the sector's raw material base will be carried out. Capacities for the extraction of iron ore are being put into operation at Sokolovsko-Sarbayevskiy, Lisakovsk and Kachar Ore Dressing Combines and for the extraction of chrome ore, at the Donskiy Ore Dressing Combine. As a result, in 1985 the output of iron and chrome ore will total 24.5 to 3.6 million tons respectively.

The construction of three furnaces, each having a capacity of 90,000 tons, is planned at the Yermakovskiy Ferroalloy Plant. The reconstruction and technical retooling of the Aktyubinsk Ferroalloy Plant are envisaged. The construction of the refractory materials plant in the city of Rudnyy will continue.

In nonferrous metallurgy large-scale measures for the strengthening of the sector's raw material base and for the technical retooling and reconstruction of enterprises are planned. The capital investments allocated for the sector's development are to be increased 1.5-fold as compared with the 10th Five-Year Plan. Despite the complication in ore extraction conditions and the reduction in the content of metal in it, during the current five-year plan the output of refined copper will increase by 15.9 percent, of lead, by 11.6 percent, of zinc, by 7.7 percent and of titanium, by 27.1 percent. For the attainment of such indicators provision is made for the construction of the second stage of the Zhayrem Ore Dressing Combine, the Akchiy-Spasskiy Open Pit and the underground mine at the Dzhezkazgan Mining and Smelting Combine. Capacities for ore extraction will be put into operation at the East Kazakhstan Copper Smelting Combine, the Dzhezkentskiy Ore Dressing Combine, the Zyryanovsk Lead Combine, Leninogorsk, Irtyshsk and Achisay Polymetallic Combines, the Tekeli Lead and Zinc Combine and the Akchatau Ore Dressing Combine. New ore processing capacities will also be put into operation. The Ust-Kamenogorsk Titanomagnesium Combine will be expanded. For the processing of low-grade bauxite of the Krasnooktyabrskiy Ore Administration plans are made for the reconstruction of the Pavlodar Aluminum Plant.

During the 5-year period the volume of production of the chemical and petrochemical industry will be doubled. At the same time, the output of mineral fertilizers will increase 1.6-fold and of yellow phosphorus, 1.8-fold.

The increase in the capacities of the Karatau Association and the commissioning of the Chilisayskiy Phosphorite Mine will ensure the further development of the sector's phosphate and raw material base. Four additional electrothermal furnaces for the output of yellow phosphorus and capacities for the production of phosphoric acid and sodium tripolyphosphate will be put into operation at the Novodzhambul Phosphorus Plant. The reconstruction of phosphoric

and other enterprises and improvement in technological processes are envisaged. The construction of projects for the production of ammophos will begin at the Aktyubinsk Chemical Plant imeni Kirov.

With the mastering of the capacities of the Shevchenko Plastic Plant the output of synthetic resins and plastics will increase 6.6-fold.

The output of tires was begun in the republic in 1982.

The volume of production of machine building and metalworking products will increase 1.3-fold. Basically, this is ensured through the expansion and reconstruction of existing enterprises. Tractor and agricultural machine building, the electrical engineering and automotive industry and road-construction and chemical machine building will develop to the greatest extent. The republic's machine builders will master the output of new types of machines and instruments.

In the five-year plan much attention is paid to the development of industrial sectors producing consumer goods. In 1985 their output (group B) is to be brought up to 7.4 billion rubles with a 23-percent growth during the 5-year period. Assignments for the production of goods in popular demand, necessities, goods of children's assortment, goods for workers employed in transhumance farming and articles from local raw materials and production waste have been determined for every year of the five-year plan. Measures for an increase in the production of such goods at heavy industry enterprises have been worked out.

In light industry during the 5-year period the production volume will increase by 23.4 percent. The output of fabrics will be brought up to 221.7 million square meters. At the same time, the production of silk fabrics will increase 2.7-fold. The volume of initial processing of natural wool and the output of cotton yarn and fabric-type nonwoven materials will increase considerably. The production of sheepskin-fleece articles will be expanded.

Capacities will be increased as a result of new construction and the modernization of existing production facilities. Plans are made for the commissioning of a number of factories: a finishing factory in Ust-Kamenogorsk, a spinning factory in Tselinograd, a nonwoven materials factory in Kzyl-Orda, an initial wool processing factory in Aktyubinsk, a cotton spinning factory in Karaganda, a footwear factory in Taldy-Kurgan, a china plant in Kokchetav and so forth.

In local industry output will increase 1.3-fold, including of goods from local raw materials and waste, 1.7-fold. The production of goods for cultural-general and economic purposes will increase 1.6-fold.

In accordance with the decisions of the 26th CPSU Congress and of the May (1982) Party Plenum the republic is called upon to make a significant contribution to the realization of the country's food program. For these purposes plans are made for the further balanced development of sectors forming a unified agroindustrial complex, for the development of which 17.4 billion rubles of capital investments, or almost one-half of their volume in the republic, are allocated.

The 8th Plenum of the Central Committee of the Communist Party of Kazakhstan approved the Kazakh SSR Food Program for the Period Until 1990, which is an integral part of the USSR Food Program. It states that the food problem both in economic and political terms is central in the current decade. The fulfillment and overfulfillment of annual and five-year plans guarantee its successful solution.

The maximum possible increase in grain production was and remains the key task. The average annual volume of grain should be brought up to 28 or 29 million tons (purchases, up to 16.3 million tons), of raw cotton, 340,000 tons, of sugar beets, 2.392 million tons, of potatoes, 2.26 million tons and of vegetables, 1.266 tons. The Central Committee of the Communist Party of Kazakhstan directed party, Soviet and economic bodies, trade-Union and Komsomol organizations and all rural workers to ensure the growth of the yield of agricultural crops, an improvement in their quality and a reduction of losses.

A number of major tasks will also have to be accomplished in the field of animal husbandry. The sector is gradually changing over to an industrial basis and efficient specialization is being implemented. Plans have been made to ensure the average annual production of 1.2 to 1.3 million tons of meat (in carcass weight), of 4.9 to 5 million tons of milk, of 3.6 billion eggs, of 110,800 tons of wool and of 2.572 million karakul skins.

The further increase in the population of all types of livestock and poultry is envisaged. At the same time, the population of sheep in the republic should be brought up to 41 million head by the end of the five-year plan.

In order to attain an increase in the production of livestock products, it is necessary to implement measures for a rise in the level of mechanization of labor intensive processes on farms and to improve selection and breeding work.

Under our republic's conditions the establishment of a firm feed base for animal husbandry is of paramount importance. Therefore, the task of further intensification of field feed production and increase in the productivity of fodder land has been set.

The maximum possible development of subsidiary farms of enterprises and organizations and a better utilization of the capabilities of the private subsidiary farms of citizens and of collective horticulture and gardening are some of the potentials for an increase in food resources. A total of 583 subsidiary farms have been organized in the republic during 2 years of the current five-year plan and help will be given them to strengthen them.

Land reclamation is an important condition for ensuring the further growth of agricultural production. In connection with this plans are made to put to use 410,000 hectares of new irrigated land, to water 15 million hectares of pastures and to reconstruct water management installations on previously watered pastures on an area of 28 million hectares. About 4,000 km of group and more than 6,000 km of intrasettlement water pipes are to be put into operation.

A fuller utilization of the water resources of Irtysh, Syr-Darya, Chu, Talas and Ili rivers is envisaged and plans are made to complete the construction of Yeginsuysk, Kandysuysk, Shulbinsk and Aktyubinsk reservoirs.

The construction of the Bol'shoy Alma-Ata canal has begun. It will make it possible to increase water supply for 115,000 hectares of land in Alma-Ata Oblast, to expand the areas of new irrigated land and to significantly increase the production of agricultural products in the capital's suburban zone. The construction of the complex of installations of the second stage of the Irtysh-Karaganda Canal will continue.

Food sectors occupy an important place in the structure of the agroindustrial complex. The production volume of these sectors will increase by 23 percent during the 5-year period. In the food and gustatory industry plans are made to improve the utilization of raw materials, to maximally reduce their losses during processing and storage and on this basis to increase the production and to improve the quality of products. During the 5-year period the output of granulated sugar will increase by 23.3 percent, of confectionery products, by 6.7 percent and of canned fruits and vegetables, by 18.7 percent. The need of the republic's population for macaroni and confectionery products, vegetable oil, beer, nonalcoholic beverages and so forth will be met basically through local production.

In the meat and dairy industry plans are made to increase the output and to improve the quality of products through a more overall processing of resources. The production of meat will increase by 28.4 percent, of butter, by 14.7 percent, of canned meat, by 46.1 percent and of whole milk products, by 14.8 percent. Plans are made to expand the production of whole milk substitutes and of dry skim milk 4.3-fold. An outstripping growth of the production of products ready for use, semifinished products and culinary products will be ensured.

The replenishment of food resources is envisaged through the development of the fish industry. The volumes of work on the reproduction of fish stocks in the Bukhtarma Reservoir, in Balkhash and in the basins of North and Central Kazakhstan are increasing. Work on building up and mastering the capacities of fisheries will continue. These measures will make it possible to increase the production of commodity fish in fisheries 2.5-fold.

Important measures to improve the operation of all types of transport are envisaged. Specific assignments for an increase in the technical equipment, rationalization of freight transport and improvement in transport communications have been determined.

During the 5-year period the length of hard-surface motor roads will increase by 7,000 km. All oblast and rayon centers will be interconnected by improved roads. Access roads will connect more than 200 sovkhoses and kolkhoses. The reconstruction of a number of roads of statewide significance is envisaged.

The construction of a subway in Alma-Ata, whose planning has already begun, will be expanded during the 11th Five-Year Plan. Work on the establishment of a base for its construction is being carried out.

The successful fulfillment of the tasks set for the republic largely depends on the state of affairs in capital construction. During the 11th Five-Year Plan 35.5 billion rubles of state capital investments will have to be utilized and construction and installation work worth 19.3 billion rubles will have to be carried out.

Plans are made to increase the effectiveness of expenditures significantly. For the first time, as throughout the country, provision is made for an outstripping growth of the commissioning of fixed capital as compared with the growth of capital investments. A policy of concentration of financial, material and labor resources on key construction projects has been adopted. The share of capital investments allocated for the technical retooling and reconstruction of existing enterprises is increasing. The level of industrialization is rising significantly and the further improvement in the organization of building production is being ensured.

As a result of the reduction in the number of newly begun construction projects and the concentration of capital investments, the proportion of funds allocated for start-up complexes and projects will comprise about 65 percent as compared to 54 percent during the 10th Five-Year Plan. The funds allocated for technical retooling and reconstruction will increase by 81 percent as compared with the 10th Five-Year Plan. These measures will make it possible to reduce incomplete construction to the estimated standard.

The sectorial structure of capital investments is determined by the five-year plan on the basis of the republic's role in the country's national economic complex. The highest rates of growth of capital investments are planned for sectors forming the foundation for the republic's economy, that is, the fuel and power complex, ferrous and nonferrous metallurgy and the chemical and petrochemical industry. Sizable funds are allocated for the development of agriculture and increase in the capacities for the production of consumer goods and of sectors connected with services for the public.

Control over the comprehensive nature of construction and avoidance of the lag in the construction of social and cultural-general projects behind production construction is intensifying. New types of materials and articles, efficient reinforced concrete structures and economical rolled metal sections will be used more extensively. For these purposes the capacities for the production of a number of building materials are being increased. The expansion of the Novokaraganda Cement Plant and the reconstruction of Semipalatinsk and Sastyubinsk cement plants will be completed. The construction of five brick plants with imported equipment is envisaged. The output of advanced building materials will be increased.

Plans are made for the reconstruction of existing house building combines for the purpose of manufacturing parts of new series at them, as well as for the construction of large-panel house building enterprises in such cities as Arkalyk, Guryev, Zhanatas and Ekibastuz. Six reinforced concrete product plants will be put into operation.

The five-year plan envisages the implementation of a broad social program. Three-fourths of the national income is to be allocated for meeting the needs of the republic's population. Real per-capita income will increase by 16 percent and the average monthly wages of workers and employees will reach 194 rubles, or will increase by 16.2 percent. The expansion of housing construction will contribute in large measure to the successful accomplishment of social and economic tasks. Plans have been made to commission dwelling houses of a total area of 31 million square meters, which will make it possible to improve the housing conditions of another 3 million residents in the republic. The five-year plan establishes assignments for an improvement in the operation, provision of the preservation and rise in the level of improvements in available housing. Almost all cities will be provided with centralized water supply. The installation of gas facilities in settlements will continue. By 1986 all rayon centers are to be provided with hotels.

Important tasks have been set in the field of public education and culture. In 1985 a total of 1.2 million children will be involved in preschool institutions. During the five-year plan the construction of children's preschool institutions for 173,000 places and of general educational schools for 390,000 places, including 256,000 places in rural areas, is envisaged.

Higher and secondary specialized education will be developed further. Plans are made to train 588,000 specialists, which is 18 percent more than during the 10th Five-Year Plan.

A total of 900,000 skilled workers, for the most part with secondary education, will be trained in vocational and technical schools. Educational complexes for 60,000 students will be put into operation.

The number of cultural and art institutions will increase. All rural settlements with 300 residents and more will have libraries, club institutions and film projectors. Plans are made to complete the construction of theater buildings in Semipalatinsk and Kzyl-Orda, of a color television equipment and studio complex and a pioneer palace in Alma-Ata and of pioneer houses in Chimkent, Guryev and Arkalyk.

The material and technical base of publishing houses will be strengthened considerably. The output of books and other publications will increase. Basically, all oblast centers will have standard buildings of printing houses and book depots. In 1985 the output of books is to be brought up to 50 million standard copies and the circulation of newspapers will reach almost 1 billion copies and of journals, 48 million.

The material and technical base of public health will be improved. A total of 55 hospital complexes are being put into operation. All oblast and most rayon hospitals will be placed in standard premises. The construction of 400 multispecialization rayon hospitals is planned. The network of rural medical rooms is being expanded. Provision is made for the further development of a network of institutions for sanitary and health resort treatment, rest and sport activities for workers.

The further improvement in the organization of the management of groups of sectors, territorial production complexes and intersectorial production facilities should be ensured during the five-year plan. We will have to implement measures to improve the organizational structures of management of groups of interconnected sectors, bearing in mind the establishment of a system of rational management of the production, distribution and transportation of raw materials, supplies, power, finished products, building production and trade and municipal services.

In 1981-1982 the increase in the republic's production and scientific and technical potential continued and the scale of public production rose. Measures for the intensification and increase in production efficiency, rational expenditure of fuel, power, raw material and supply resources and improvement in the quality of work in all the links of the national economy were implemented.

The rates of scientific and technical progress were accelerated and the assignments envisaged by overall goal-oriented programs were realized. In national economic sectors during the last 2 years of the five-year plan 388 sections, shops and production facilities were transferred to overall mechanization and automation, 535 mechanized flow and automatic lines were installed and 34 automated control systems for different purposes were developed.

In 2 years the total volume of industrial production rose by 5.6 percent. Annual plans for the volumes of commodity, sold and standard net output, for the output of articles of the highest quality category and for the production of many key products were overfulfilled.

During the last 2 years of the five-year plan agricultural workers, despite extremely unfavorable weather conditions, attained good results in the production of grain and other agricultural products. In 1982, as compared with 1980, the population of cattle, sheep, goats, horses and poultry increased and the delivery of fruits, berries, livestock, poultry, eggs, wool and karakul to the state rose.

Large-scale capital construction program was fulfilled. In 1981-1982 at the expense of state capital investments fixed capital worth 12.7 billion rubles was put into operation and more than 150 major production capacities and projects were commissioned.

Sectors of the nonproduction sphere were developed further. Dwelling houses of a total area of 11.8 million square meters were built. The capacities of municipal enterprises increased. The network of public education, cultural and public health projects was expanded.

At the same time, a number of problems in the republic's economy will have to be solved in the very near future. For example, to meet the needs of power engineering, shipping, agriculture, water supply for cities and settlements, the Irtysh-Karaganda Canal and the Yermakovskaya GRES, the Shulbinsk Hydro-Engineering Complex is being built on the Irtysh River. It is also designed for the regulation of the river flow, generation of electric power, development of water transport and water supply for industry, cities and settlements. In connection with this the USSR Gosplan and the USSR Ministry of Power and Electrification must accelerate the examination of the problem of an overall construction of the Shulbinsk Hydro-Engineering Complex.

To cover the growing shortage of electric loads in South Kazakhstan, preparatory work on the construction of the South Kazakhstan GRES of a rated capacity of 4 million kw was begun in 1979. Taking into consideration its importance for the republic's power engineering, it is necessary to increase the volumes of construction and installation work with a view to commissioning the first power unit of a capacity of 500,000 kw by 1987.

The 26th CPSU Congress set the task of developing the republic's petroleum extracting industry at accelerated rates. For these purposes the establishment of a new large petroleum extracting region in the country is envisaged. It will include the existing oil fields of Mangyshlakneft' and Embaneft' associations and the newly established fields on prospective oil and condensed gas deposits in Aktyubinsk, Guryev and Uralsk Oblasts. For this petroleum, gas and condensed gas reserves in the Zhanazhol Deposit have been confirmed and an evaluation of the reserves in the Karachaganak Deposit has been given. Work on the development of the deposits put into operation with the use of the latest methods of effect on beds continues.

At the same time, on some deposits in the region, basically owing to the late delivery of corrosion-resisting drilling and oil field equipment, the dates set for the commissioning of capacities are not met. The Ministry of the Petroleum Industry, the Ministry of Chemical and Petroleum Machine Building and other ministries must accelerate the delivery of equipment for these projects.

In the Embaneft' Production Association, owing to the lack of pipelines for the transportation of gas to consumers, casing-head gas is not utilized sufficiently. The problem can be partially solved with the construction of a gas pipe from the Prorva Deposit to the Central Asia-Center main gas pipe. The five-year plan envisaged the construction of this gas pipe as of 1983. However, funds for these purposes have not been allocated in the plan for this year. The Ministry of the Petroleum Industry should take measures to accelerate the construction of this gas pipe.

For a number of years the capacities of the Guryev Petroleum Refining Plant for initial petroleum refining have not been utilized fully. Therefore, it is necessary to review the scheme for the provision of the plan with raw material and to solve the problem of a full loading of capacities. This will also make it possible to reduce the import of petroleum products from the country's other regions to the republic and to unload railroad transport.

For the purpose of regularly providing new and existing electric power stations in North and West Kazakhstan and in the Urals with coal and meeting the municipal and domestic needs of the population, it is advisable to begin the development of the Turgay Lignite Basin in the very near future.

Owing to a number of technical and planning oversights enterprises for the production of mineral phosphorus fertilizers have been operating with unprepared raw materials for a long time, which holds back the mastering of their rated capacity.

The Ministry of Fertilizers is dragging out the solution of the problem of providing plants with thermally prepared raw materials (pellets and sinter), as was solved at ferrous and nonferrous metallurgy plants. Taking into account

the importance of this sector in the solution of the country's food program, it is necessary to search for the possibility of providing capital investments for the construction of appropriate shops, whose commissioning will make it possible to increase the output of phosphorus and to significantly improve technical and economic indicators in the sector.

An increase in the efficiency of production on the basis of a rise in its balance, the introduction of advanced equipment and technology and a rational utilization of all types of resources is the primary task in the development of ferrous metallurgy.

In particular, in the process of retooling of the Karaganda Metallurgical Combine there is a need for an extensive intensification of production with the replacement of large-tonnage open-hearth furnaces with bottom blown converters, with the transfer of all steel teeming to the method of continuous billet casting, with the modernization of the rolled metal products complex and with the replacement of old coke batteries with new ones.

Serious reconstructive decisions are needed on the Aktyubinsk Ferroalloy Plant with the construction of new shops for the production of ferrochrome and ferro-titanium, mastering of the smelting of various hardeners and increase in the unit capacity of existing machines.

The problem of mastering the magnetic roasting of Lisakovsk ores and of the reconstruction of existing gravity and magnetic concentration sections is very urgent. This will make it possible to improve the quality of the produced concentrate and the conditions of raw material supply for the Karaganda Metallurgical Combine, as well as other combines.

Problems of a rational, overall utilization of raw material resources, in particular, of Sokolovsk-Sarbayevsk ores with the extraction of sulfur, copper, zinc and other components and of Lisakovsk ores with the production of alumina, cement, phosphate slag and Atasu iron and Dzhezdzy manganese ores, require serious attention.

To increase the efficiency of nonferrous metallurgy and the rates of growth of the volumes of its production and labor productivity, it is necessary to strengthen the raw material base of the copper, lead-zinc and rare metal industry with the commissioning of additional capacities for the extraction and processing of ores through the expansion and reconstruction of existing and the construction of new mines and factories.

The realization of these problems will make it possible to successfully accomplish the tasks of the 11th Five-Year Plan for the further development and improvement in the country's unified national economic complex and for the expansion and intensification of fraternal relations and cooperation with all the Union republics.

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Republic Gosplan's Role

Alma-Ata NARODNOYE KHOZYAYSTVO KAZAKHSTANA in Russian No 3, Mar 83 pp 23-27

[Article by Zh. Abutalipov, deputy chairman of the Kazakh SSR Gosplan: "Increase in the Role of the Kazakh SSR Gosplan"]

[Text] The intensification of the economy and increase in its efficiency require an improvement in the system of the entire economic mechanism and, primarily, planning.

The role, tasks and functions of planning bodies at the present stage of developed socialism are reflected in the new Statute on the USSR Gosplan. It has replaced the statute in effect since 1968, which has no longer met the needs of the legal regulation of the elaboration of state draft plans for economic and social development and of the activity of the USSR Gosplan under conditions of the new stage in the improvement in the economic mechanism.

The adoption of the new USSR Constitution, of the Law on the USSR Council of Ministers and of the decrees of the CPSU Central Committee, of the Presidium of the USSR Supreme Soviet and of the USSR Council of Ministers "On the Further Rise in the Role of Soviets of People's Deputies in Economic Construction" and of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Strengthening the Influence of the Economic Mechanism on Increasing Production Efficiency and Work Quality," decisions of the 26th CPSU Congress and a number of other directive documents on problems concerning the improvement in control, planning and management contributed to the preparation of the new Statute on the USSR Gosplan.

The USSR Council of Ministers approved the new Statute on the USSR Gosplan with a decree. The Statute on the Kazakh SSR Gosplan was developed on its basis. The article published below discusses the increase in the role of the Kazakh SSR State Planning Committee in the system of state management bodies.

The Kazakh SSR State Planning Committee (Kazakh SSR Gosplan) is a Union-republic body and is under the subordination of the Kazakh SSR Council of Ministers and the USSR Gosplan. Therefore, the Statute on the republic's Gosplan was developed on the basis of the Statute on the USSR Gosplan approved by the USSR Government.

The new Statute on the Kazakh SSR Gosplan, which has replaced the statute in effect since 1969, takes into consideration party and government decisions aimed at a rise in the level of planning, in the quality of long-term and current plans and in their stability and balance. The refinement in the Gosplan's activity is carried out in combination with the improvement in the

work of all management bodies and in socialist management. Therefore, the statute reflects the need for the performance of the following tasks: development of plans with due regard for the possibilities of scientific and technical progress and advanced domestic and foreign experience; increase in the role of long-term plans, especially the five-year plan, as well as for a longer period; overall approach to the formation of plans, primarily to the solution of major scientific-technical, economic, social and territorial problems; careful balance of plan indicators and sections at all the levels of management; planning reserves and thereby ensuring the stability of plans; greater social direction of plans and a close connection between the economic and social measures envisaged by them.

Taking the totality of these and other important tasks into consideration in plans should contribute essentially to the completion of the transfer of the economy to the path of intensive development in the 1980's.

The elaboration of basic directions in the republic's economic and social development for a long period, preparation of long-term and current state draft plans and control over their realization are the main tasks of the Kazakh SSR Gosplan. All this large-scale, complex work is performed in accordance with the CPSU Program, decisions of the congresses of the CPSU and the Communist Party of Kazakhstan, decrees of the CPSU Central Committee and the USSR Council of Ministers, decrees of the Central Committee of the Communist Party of Kazakhstan and the Kazakh SSR Council of Ministers and methodological directives of the USSR Gosplan.

Republic ministries and departments, oblast executive committees, the Alma-Ata City Executive Committee and the Kazakh SSR Academy of Sciences participate in this work together with the central state management body of the Kazakh SSR in the field of planning. Draft plans take into consideration the proposals of Union ministries and departments for the development of the economy located on Kazakhstan's territory subordinate to them.

With the intensification of the coordinating role and complication of the functions entrusted to the republic's Gosplan, at the same time, its rights have been extended. It is permitted to enlist scientific research, technological and planning-design organizations, higher educational and other institutions, outstanding scientists, specialists and economic managers in the development of draft plans and in the determination of individual national economic problems. The following rights provided by the new statute are of vast importance:

to hear reports of ministries, departments, associations, enterprises, institutions and organizations on the course of fulfillment of plans and on other problems within the competence of the republic's Gosplan;

to receive from the Kazakh SSR Central Statistical Administration, republic ministries and departments, oblast executive committees and the Alma-Ata City Executive Committee, as well as directly from enterprises and institutions, regardless of their departmental subordination, the necessary materials for the development of state plans and control over their fulfillment;

to conduct overall checks on the realization of the most important planned assignments with the participation of the State Committee for Material and Technical Supply, the State Committee for Construction Affairs, the State Committee for Labor, the Kazakh SSR Central Statistical Administration and pertinent ministries, departments and oblast planning commissions;

to entrust the development of a system of measures for the intensification of the republic's national economic sectors and an overall development of interconnected industrial sectors to republic ministries and departments;

to form interdepartmental commissions, councils and sections with the participation of scientists and specialists for the examination of materials and preparation of proposals for key national economic problems and goal-oriented programs, as well as to convene in accordance with the established procedure conferences on problems within the competence of the republic's Gosplan.

The new statute extends its powers in the return of draft plans for further elaboration to the republic's ministries and departments, oblast executive committees and the Alma-Ata City Executive Committee if they do not meet the requirements. The duty of giving instructions on the elimination of breaches of state planning discipline, as well as on a fuller utilization of existing potentials, to Kazakh SSR ministries and departments is imposed on it.

As is well known, the demographic situation will be very strained during the forthcoming years. The further development of the Soviet economy under the conditions of the acute shortage of labor resources requires the adoption on the part of planning bodies of the necessary measures aimed at the implementation of an effective demographic policy, increase in people's life span and labor activity and improvement in their health.

The republic's Gosplan is entrusted with the examination of the proposals on the distribution and redistribution of manpower submitted by Kazakh SSR ministries, departments and the State Committee for Labor and with the development and approval of the balance of labor resources.

Together with the republic's State Committee for Labor the Kazakh SSR Gosplan must determine the most important assignments for the introduction of scientific labor organization in national economic sectors and their provision with skilled personnel. In this connection it is established that the republic's Gosplan approves unified annual plans for filling vocational-technical and technical schools, ninth grades of secondary general educational schools and secondary specialized and higher educational institutions with graduates of eighth and tenth (eleventh) grades of the republic's secondary general educational schools respectively with the distribution of assignments throughout oblasts on the basis of the need of enterprises, construction projects and organizations for skilled personnel and specialists.

An increase in the efficiency of public production is inconceivable without the intensification of the policy of economy, elimination of losses, drawing of byproducts, incidental products and secondary material and fuel-power resources into the economic turnover, increase in production profitability,

reduction in production and distribution costs, increase in profit and improvement in the utilization of financial resources. All these problems are within the competence of the republic's Gosplan, which examines and prepares conclusions on the drafts of the Kazakh SSR state budget and the republic's credit and cash plans.

The new statute affirms the coordinating role of the Kazakh SSR Gosplan in the field of capital construction. The plans developed for all levels should provide for a rational utilization of capital investments, increase in their effectiveness, reduction in the cost and improvement in the quality of construction, acceleration of the commissioning of fixed capital and production capacities and their mastering in the shortest period. The republic's Gosplan examines and submits for coordination to the USSR Gosplan and for the approval of the Kazakh SSR Council of Ministers lists and title records of construction projects for production purposes of an estimated cost of 3 million rubles and more. It coordinates lists and title records of construction projects for production purposes submitted by republic ministries and departments of an estimated cost ranging from 0.5 to 3 million rubles and of newly begun construction projects regardless of the estimated cost in such sectors as culture, education and public health, except for projects, the right to approve the title records of which belongs to the Kazakh SSR Council of Ministers.

The republic's Gosplan also envisages in annual plans the acceptance and transfer of capital investments for the construction of enterprises and projects made by way of share participation in accordance with the adopted decisions of the Kazakh SSR Government.

Tasks concerning an improvement in the territorial planning and distribution of productive forces for the purpose of an overall development of the economy of oblasts, improvement in the organization of the planning of territorial production complexes and strengthening of interrepublic, intrarepublic and intersectorial relations have increased considerably. The powers of the republic's Gosplan in the approval of individual indicators of state plans, including assignments for labor productivity growth and reduction of rates of consumption of material resources and of the cost of work in construction, plans for planning and surveying work, volumes of contract work and of building commodity output and balances of production capacities of construction and installation organizations of republic subordination, have been extended.

The Kazakh SSR Gosplan in coordination with the Kazakh Trade-Union Council and the republic's Ministry of Finance approves stable standards of formation of economic incentive funds for the appropriate planning period and a number of other indicators. With the participation of ministries and departments it must also develop and approve plans for industrial output and balances and plans for the distribution of material resources according to the products list planned for them in accordance with that established by the USSR Gosplan.

The Kazakh SSR Gosplan is charged with the organizational and methodological management of work on standardization. It approves republic standards and plans in this field and contributes to an improvement in invention and patent-license activity.

In connection with the fact that the foreign economic relations of Soviet Kazakhstan steadily expand and strengthen, the new statute entrusts the following to the republic's Gosplan: preparation in accordance with the established procedure of proposals for the development of international scientific and technical cooperation and improvement in interstate specialization and cooperation of production; study of the republic's export resources and uncovering of the possibilities for an above-plan delivery of goods for this purpose; participation in the development of draft plans for export and import and for the deliveries of equipment and materials for projects built abroad with the technical assistance of the Soviet Union; consideration and preparation of proposals for the distribution and utilization of the republic's currency funds; ensuring jointly with ministries and departments a broad demonstration of the achievements of science, technology and advanced production experience in the republic's national economic sectors at the Exhibition of USSR and Kazakh SSR National Economic Achievements, as well as the preparation of exhibitions of Soviet Kazakhstan at exhibitions abroad.

In order to ensure the fulfillment of the tasks facing the republic's central planning body, there is a need for a strict coordination of the activity of the entire apparatus for the management of the Kazakh SSR national economy, especially in the process of development of plans for economic and social development. The intensification of this function was expressed in the fact that the new statute for the first time established the following: The Kazakh SSR Gosplan coordinates the work of republic ministries and departments, oblast executive committees and the Alma-Ata City Executive Committee for the planning of economic and social development, carries out methodological guidance and an exchange of experience in this field and during the preparation of plans and control over their fulfillment ensures an interaction with the USSR Gosplan, Union ministries and departments, the State Committee for Material and Technical Supply, the State Committee for Construction Affairs, the State Committee for Labor, the State Committee on Prices, the Kazakh SSR Central Statistical Administration, the republic administration of the USSR State Committee for Standards, the Ministry of Finance, the Kazakh Trade-Union Council, the Kazakh SSR Academy of Sciences and the Committee of People's Control and other concerned ministries and departments.

The statute stresses that the republic's Gosplan is responsible for a rise in the scientific level, refinement in the methods and improvement in the organization of state planning, all-around substantiation and balance of the prepared draft plans for economic and social development, correct distribution of productive forces throughout Kazakh SSR oblasts, prevention of the appearance of bottlenecks in the national economy and maximum utilization of existing potentials for an increase in the efficiency of public production.

Within existing legislation it is competent to take all the necessary measures to ensure a high-quality and prompt development of state plans and overall goal-oriented programs and their fulfillment.

Performing the functions entrusted to it, the Kazakh SSR Gosplan must raise the scientific level of planning in every possible way. It must formulate methodological directives and work out indicators and forms for the preparation of plans for economic and social development. The work of the republic's ministries and departments on the development and introduction of an overall system of advanced technical and economic norms and standards and their approval and application should also be coordinated by the Gosplan.

Special attention must be paid to the introduction and development of an automated system of planned calculations and to ensuring an interaction of sectorial and departmental automated control systems with an automated system of planned calculations of the republic's central planning body. Of great importance is the joint development, together with the Kazakh SSR Academy of Sciences and concerned ministries and departments, of republic goal-oriented overall scientific-technical, economic and social programs, as well as programs for the development of individual regions and territorial production complexes.

The new statute imposes on the Kazakh SSR Gosplan the duty of participating together with ministries and departments in the determination of a set of measures for an improvement in the forms and methods of national economic management. In this connection broader powers have been given to the Gosplan's interdepartmental commission, which handles problems of improvement in the economic mechanism.

The 26th CPSU Congress stressed that "the plan is law, because only its observance ensures a harmonious operation of the national economy... Undoubtedly, the plan must be realistic and balanced. However, just as undoubtedly, it must be fulfilled." In accordance with this the new statute stipulates that the republic's Gosplan strictly controls the prompt and correct presentation by ministries, departments, oblast executive committees and the Alma-Ata City Executive Committee of the assignments of state plans for economic and social development to associations, enterprises and organizations, checks the fulfillment of these plans and follows the efficient utilization of fixed productive capital, capacities, capital investments and material, labor and financial resources. A systematic and overall analysis of the course of plan fulfillment is needed not in itself, but to give instructions for the elimination of the shortcomings uncovered in the development of individual sectors. The republic's Gosplan must systematically report on the course of plan fulfillment to the Kazakh SSR Government and work out and implement measures for the prevention and elimination of disproportions in national economic development.

The improvement in the structure of the Kazakh SSR Gosplan and measures aimed at stirring up the activity of management bodies and of other subdivisions of the Gosplan contribute to its fulfillment of the functions entrusted to it by the new statute and to the realization of the rights granted it. For example, for the purpose of ensuring an all-around and overall examination of problems connected with the planning of national economic development the statute establishes that the Kazakh SSR State Planning Committee is formed not only of the Gosplan's key workers, but also of managers of a number of other state bodies: chairmen of the State Committee of Material and Technical Supply, the State Committee for Construction Affairs, the State Committee for Labor and the State Committee on Prices, the minister of finance, the chief of the Kazakh SSR Academy of Sciences, the secretary of the Kazakh Trade-Union Council, chairmen of oblast and Alma-Ata city planning commissions, chiefs of leading sections of the Gosplan itself, prominent scientists, specialists and economic managers.

It has been determined that the Kazakh SSR State Planning Committee at its regularly held meetings examines the basic problems of the republic's economic and social development, long-term and current state draft plans and key goal-oriented overall national economic programs.

The statute also reflects the intensification of the role of the board of the Kazakh SSR Gosplan. In particular, it determines the basic problems subject to examination by the board, that is: planning of the republic's economic and social development, improvement in national economic proportions, increase in the efficiency of public production, provision of a balance in the economy, refinement in the methodology and organization of planning at various levels of management, course of preparation of plans and programs, control over the fulfillment of current and long-term plans, improvement in the manner and methods of work of the Gosplan's apparatus and problems of selection, disposition and education of personnel and of the strengthening of performance discipline.

In accordance with the statute in the necessary cases members of the Kazakh SSR Government, as well as managers of republic ministries and departments, oblast executive committees and the Alma-Ata City Executive Committee directly connected with the discussed problems, participate in the meetings of the Kazakh SSR State Planning Committee and of its board.

Departments are the basic structural subdivisions of the Kazakh SSR Gosplan. In accordance with the new statute their functions have been specified. Chiefs of the basic departments are appointed to a position and are relieved of it by the Kazakh SSR Council of Ministers. This has raised the role of department managers and their personal responsibility for the determination of the most efficient direction in the development and for the distribution of the supervised sectors, provision of a state approach to the accomplishment of major economic, social and scientific-technical tasks and a careful and substantiated preparation of conclusions on the draft decisions submitted by the Gosplan to directive bodies for consideration.

In contrast to the procedure previously in effect departments are charged with the examination of the proposals by the supervised ministries and departments on the drafts of basic directions and five-year and annual plans concerning the development of science and technology, overall programs, labor productivity growth, limits of the number of workers and employees, the wage fund, reduction in the application of manual labor, profit, production costs, protection of nature and a rational utilization of natural, material and secondary resources. Departments must ensure control over the realization of measures envisaged by the plan. They have also been instructed, when performing the functions entrusted to them, to avoid a narrow departmental approach to the solution of problems. The Gosplan's departments must promptly examine citizens' letters, applications and complaints and react in a business-like manner to publications in newspapers and journals.

The Gosplan's departments must envisage in draft plans a fuller utilization of the results of scientific research and map out measures to accelerate the introduction of new equipment and technology into production. For example, the department of science and technology is entrusted with working out problems connected with the economic efficiency of introduction of new equipment. A

recommendation is also made to increase the efficiency of the studies and recommendations of scientific research institutes and institutions under the Gosplan and to take steps to improve the activity of interdepartmental commissions and councils in the determination of individual national economic problems and in the preparation of a program for their solution.

Individual decisions of the Kazakh SSR Government and of the USSR Gosplan instruct the republic's Gosplan and its bodies to strive for a strict observance of state planning discipline, a correct distribution of the assignments of the annual plan over quarters and months and the observance of the discipline of deliveries of products to consumers in the given products list, to critically analyze the issued methodological instructions, to exclude provisions limiting the rights of production associations and enterprises in order to create all the necessary conditions for the development of their initiative and economic independence and to ensure the further improvement in the system of plan indicators and in the methods of working them out.

In order to concentrate the attention of the Kazakh SSR Gosplan on a more profound study of draft plans, goal-oriented programs and long-term key problems of economic development, as of 1982 the examination of problems not connected with planning (for example, such as operative problems of material and technical supply for the republic's consumers arising in the process of plan realization, or the preparation of proposals on the distribution of products produced by the republic's enterprises in excess of the established production plans, or the development of intersectorial cooperative deliveries of castings, forgings, stampings, plastic articles and so forth) was transferred to the Kazakh SSR State Committee for Material and Technical Supply and to republic ministries and departments.

The USSR Gosplan has approved the methodological instructions for the preparation of plans for the economic and social development of autonomous republics, krais, oblasts, okrugs, rayons and cities. Statutes on oblast, city and rayon planning commissions have been prepared on the basis of the Statute on the Kazakh SSR Gosplan and of the methodological instructions of the USSR Gosplan. A method of preparing overall plans for economic and social development in oblasts, cities and rayons has been worked out.

The tasks set require an improvement in the theoretical training and practical skills of planning workers. Republic courses for improvement in skills have been organized for specialists and managers are sent for training to the USSR Academy of the National Economy and to higher economic courses under the USSR Gosplan. Personnel certification has been introduced into Gosplan's practical work.

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Fixed Productive Capital

Alma-Ata NARODNOYE KHOZYAYSTVO KAZAKHSTANA in Russian No 5, May 83 pp 29-33

/Article by Zh. Ibragimov, chief of the consolidated department of the national economic plan of the Kazakh SSR Gosplan: "Fixed Productive Capital Must Be Utilized More Intensively"7

/Text/ A vast economic potential has been created in the republic. At the beginning of 1983 the main component of the economic potential--fixed capital of the national economy--reached 110.5 billion rubles, including productive capital, 76.2 billion rubles, which is 3.7 and 3.8 times more than in 1965 respectively.

The maximum possible improvement in the utilization of existing and newly created productive capital is of major importance for the republic's economic development. With the transition, as determined in the decisions of the 26th CPSU Congress and the 25th Congress of the Communist Party of Kazakhstan, to primarily intensive methods of management, this factor becomes the main one for the growth of production, rise in labor productivity, shortening of the period of a real derivation of an effect from the invested funds, decrease in production costs and increase in the national income and in its share assigned for consumption.

Therefore, in the set of measures developed and implemented by planning bodies, ministries, associations and enterprises for production intensification measures for an improvement in the utilization of fixed productive capital and increase in the effectiveness of capital investments should be primary and basic.

The accomplishment of this task acquires special significance in industry. In 1982 its share in the gross national product comprised more than 52 percent. Almost 42 percent of the fixed productive capital was concentrated and about 30 percent of the total number of workers and employees in material production were employed in it.

On the average, the republic's industry now produces as much output per day as it did in 3 days in 1965.

As a result of the construction of new and expansion, reconstruction and technical retooling of existing enterprises, productive capacities grow constantly in all industrial sectors. A total of 91 percent of the fixed capital was replaced in 1966-1982.

Specific work aimed at an increase in the effectiveness and efficient utilization of fixed productive capital was done.

First, the share of funds allocated for the expansion, reconstruction and technical retooling of existing enterprises increased in the total volume of capital investments, which contributed to an improvement in the technological structure of fixed capital, increase in the active part in its structure and rise in the shift coefficient of equipment operation.

Second, measures were taken to improve the qualitative indicators of the utilization of fixed capital and productive capacities. In some industrial sectors it was possible to stabilize the output-capital level to some extent. As a result of an improvement in the organization of labor and production, a strict observance of technological discipline and an intensive operation of equipment, high results in the utilization of productive capacities were obtained in a number of sectors. Capacities for the extraction of iron ore

and for the production of coke, titanium sponge, metal cutting lathes, instruments, automation equipment, excavators, cotton fabrics, hosiery, knitted underwear and outerwear, sewing industry products, grape wine, cooked meats, whole milk products, hulled and rolled products and mixed feed now operate at the level of planned indicators.

Of course, together with the advances made a number of difficulties and problems arose in the process of development and utilization of the industrial potential, which led to a certain slowdown in the rates of growth of production and a decrease in its efficiency.

Table 1 shows this process on the basis of the indicators of the dynamics of fixed productive capital, the volume of production and labor productivity.

Table 1

	Rates of Growth in Percent			
	1970 in relation to 1965	1975 in relation to 1970	1980 in relation to 1975	1982 in relation to 1980
Fixed productive capital of industry	173.1	156.2	142.4	114.7
Volume of industrial production	155.9	142.3	118.3	105.6
Labor productivity in industry	128	130	108	102.3

As can be seen from the table, the rates of growth of fixed capital did not slow down as significantly as the rates of output. During the 10th Five-Year Plan there was a considerable slowdown in the rates of labor productivity growth, which began to ever more lag behind the rates of increase in the capital-labor ratio. Whereas during the 8th Five-Year Plan, while the average annual rate of increase in the capital-labor ratio was 42 percent, labor productivity in industry rose by 28 percent (-14 points), during the 9th Five-Year Plan this ratio comprised 49 and 30 percent (-19 points) and during the 10th Five-Year Plan, 29 and 8 percent (-21 points).

The data cited give reason to conclude that in the existing situation not so much an increase in fixed productive capital, as its stable and efficient functioning, is important.

As is well known, output-capital determined by the ratio of the volume of output to the average annual value of fixed capital is the generalizing indicator characterizing the level of utilization of fixed productive capital.

The rates of decrease in output-capital in industry have been slightly lowered in the last few years. Whereas during the years of the 9th Five-Year Plan it decreased by 19.7 percent, during the 10th Five-Year Plan, by 16.8 percent and during 1981-1982, by 9.3 percent. However, the tendency toward a decrease in output-capital is still stable and is characteristic of almost all industrial sectors.

Table 2 (calculation in comparable wholesale prices of 1982) presents output-capital indicators determined according to gross output (in rubles) in terms of the sectors of the Kazakh SSR industry.

Table 2

	1975	1980	1981	1982
All industry,	1.24	1.03	0.99	0.93
including:				
electric power engineering	0.31	0.28	0.26	0.25
fuel industry	1.02	0.86	0.80	0.76
ferrous metallurgy	0.56	0.49	0.48	0.41
nonferrous metallurgy	1.05	0.91	0.85	0.83
chemical and petrochemical industry	0.77	0.48	0.48	0.43
machine building and metalworking	1.48	1.28	1.27	1.16
construction materials industry	1.03	0.94	0.79	0.76
light industry	6.09	5.2	5.2	4.73
food industry	3.89	3.2	3.2	2.95

The decline in the efficiency of utilization of fixed capital in industry urgently requires an overall search for and an overall utilization of the potentials for increasing its return.

First of all, attention must be paid to the capital-output of production. In the final analysis, a decrease in capital intensive sectors in the structure of industry and within them, in capital intensive production facilities contributes to an increase in output-capital. In the republic's industry the outstripping development of such capital intensive sectors as electric power engineering and the fuel and chemical industry is due to the availability of mineral and raw material resources and to the republic's specialization in the all-Union division of labor, that is, it is of an objective nature. The proportion of these sectors in the total volume of the available fixed productive capital of industry is high, comprising more than 40 percent. Therefore, the relative decrease in the value of fixed capital in them could perceptibly affect the increase in output-capital throughout industry. Meanwhile, the fixed capital in them rises at higher rates than the volume of output. For example, in the chemical and petrochemical industry during the 10th Five-Year Plan fixed productive capital increased by 77 percent and output, by 20 percent, in electric power engineering, by 38 and 19 percent respectively and in the fuel industry, by 49 and 22 percent. In such capital intensive sectors as ferrous and nonferrous metallurgy the gap between these indicators is even higher. In the final analysis, such a situation has brought about a decrease in output-capital throughout industry.

To be sure, the sectorial structure affects the level and dynamics of output-capital. However, as has already been noted, it is of an objective nature to a certain extent. Second, it is not so much a matter of this structure, as of the unsolved problems and shortcomings in the organization of the production process itself.

Mainly because of organizational shortcomings production capacities are not utilized satisfactorily in many associations and enterprises. Suffice it to say that during 2 years of the current five-year plan for this reason the republic's industry has failed to obtain output worth several billion rubles.

Capacities for the generation of electric power and for the output of a number of articles of ferrous and nonferrous metallurgy, the chemical and petrochemical industry, machine building, the construction materials industry and light and food industry by no means operate with a full load.

The capacities of new enterprises and production facilities are utilized in an especially unsatisfactory manner. Despite the significant excess of the norms of the length of their mastering, to this day many have not reached the planned level. For example, at the Kzyl-Orda Silicate Wall Materials Plant the standard periods of the mastering of the planned capacity have already been exceeded fivefold. However, in 1982 this indicator reached only 34.9 percent; at the Tselinograd Ceramic Combine in the acid resistant materials shop, fourfold and 8.3 percent respectively. The time of mastering of the planned capacity of the spinning and weaving factory of the Kokchetav Textile and Haberdashery Factory has been exceeded threefold. However, in 1982 its level comprised 62 percent. The planned capacities of the brick plant in the city of Aksu commissioned in 1977 have been mastered only at the rate of 7 percent.

The slow mastering of planned capacities at large enterprises does great damage to the national economy. A great deal of output was underproduced at the Ust-Kamenogorsk Silk Fabric Combine, the Shevchenko Plastic Plant, the Chimkentshina Association, the Ekibastuz GRES-1, the Novodzhambul Phosphorus Plant, the Yermakovskiy Ferroalloy Plant, the Semipalatinsk Fittings Plant, the Kustanay Chemical Fiber Plant, the Pavlodar Cardboard-Ruberoid Plant and other enterprises.

An analysis shows that planning errors during the selection of technology and equipment, the commissioning of capacities and projects with significant building imperfections, defects in installed equipment, nonoverall construction of the projects of a new enterprise, shortage of skilled personnel, lack of provision with raw materials and other material and technical resources and shortcomings in the organization of production and labor are the basic reasons for the unsatisfactory mastering of planned capacities.

Owing to planning errors and miscalculations there has been a delay in the mastering of the capacities of the Zhezkent Ore-Dressing Combine, the Yermakovskiy Ferroalloy Plant, the Kustanay Chemical Fiber Plant, the Semipalatinsk Fittings Plant and the Tselinograd Iron Foundry.

Building imperfections have an especially negative effect on the mastering of capacities. For example, at the Ekibastuz GRES-1 the power unit No 1 was put into operation with imperfections amounting to 4.5 million rubles, the power unit No 2, 0.74 million rubles, the power unit No 3, 1.98 million rubles and the power unit No 4, 0.08 million rubles.

The standard time of mastering of the first three power units has already expired, but their imperfections have not yet been eliminated completely. In 1982 alone for this reason power units were shut down for 4,300 hours.

In a number of sectors the lag in the mastering of planned capacities is due to the nonoverall commissioning of enterprises and projects. For example, in 1982 the planned capacity of the concentration factory of the Mine imeni Dzhambul of the Akchatau Ore-Dressing Combine was mastered at the rate of 24.7 percent, because the capacities for ore output were commissioned without ore reserves prepared for extraction owing to the lack of performance of capital mining and development operations in the necessary volumes.

Commissioned capacities often are not provided with projects for nonproduction purposes. This hampers staffing, leads to work time losses and thereby slows down the mastering of capacities. For example, at the time of commissioning of the Pavlodar Cardboard-Ruberoid Plant there was housing for only 400 workers instead of 1,100 according to the plan. At the time of commissioning of the Yesil Butter Making Combine not a single square meter of housing was built at it.

The incomplete supply of raw materials and other material and technical resources and the shortage of skilled working personnel seriously hamper the mastering of the planned capacities of new enterprises.

The further increase in the efficiency of utilization of fixed capital depends in large measure on the organization of production and labor. Cases of breaches of production, technological and labor discipline still persist and a considerable equipment downtime, rejects, alterations, spoilage of valuable raw materials and supplies and work time losses occur.

Work on a decrease in the turnover of personnel and in an improvement in their skills has not been properly organized everywhere. For example, at the Kzyl-Orda Silicate Wall Materials Plant, owing to the big turnover of personnel (46.6 percent) and their low skills, there were frequent emergencies and a long equipment downtime, which exceeded 2,600 hours last year. As a result, in 1982 the mastering of the plant's planned capacity comprised only 34.9 percent.

Basically, for this reason at the Uralsk Silicate Brick Plant commissioned as long ago as 1976 the mastering of planned capacities comprised 42.1 percent and at the Burunday and Karaganda wall materials associations, 51.7 and 31.5 percent respectively.

At the Novodzhambul Phosphorus Plant, owing to the low quality, untimely repairs and other organizational shortcomings, in 1982 unplanned equipment downtime amounted to 4,300 hours and the mastering of the most powerful electric furnaces in the sector lasted from 33 to 46 months instead of 15 according to the norm.

An increase in the shift coefficient of the operation of equipment and its rational utilization represent major potentials for an increase in output-capital.

Specific work on an improvement in the shift system of equipment operation has been done in the republic's industry. However, periodic surveys show the existence of significant unutilized potentials here. In 1982 at 67 machine building enterprises on the day of the survey the shift coefficient of metal working equipment was 1.26 (on the average in the country, 1.33); of metal-cutting lathes, 1.22 (1.32); of forging and pressing machines, 1.29 (1.40); of casting equipment, 1.63 (1.66). A total of 18.9 percent of the metalworking equipment (14.7 percent throughout the country) did not operate at the time of the survey.

We must not tolerate any longer the fact that expensive, highly productive equipment stands idle and, on the average, operates for no more than one shift. In most cases this is the result of an inferior organization of production and of shortcomings in the supply and distribution of material and technical resources.

The shortage of skilled working personnel is one of the main causes of the low level of equipment utilization in terms of time. An elimination of this cause also presupposes, along with an improvement in the training and enlistment of new labor resources, the maximum possible intensification in production. At the same time, a reduction in labor expenditures on the performance of auxiliary operations is of especially great importance.

The shift coefficient of equipment operation largely depends on the degree of its distribution over shifts. Maximization of the amount of equipment engaged in every shift implies an increase in the shift coefficient. However, at many enterprises the uniformity of equipment distribution over shifts is unsatisfactory. The observation conducted by the Kazakh SSR Central Statistical Administration showed that in 1982 a total of 77.5 percent of the entire equipment operated in the first shift, 45.8 percent, in the second shift and only 2.7 percent, in the third shift.

A study of the causes of whole-shift equipment downtime shows that about 10 percent of its total amount is due to defects and unplanned repairs, more than 34 percent, to the shortage of working personnel, almost 16 percent, to the lack of materials, electric power, transport facilities and tools, more than 13 percent, to the lack of a production assignment, about 8 percent, to the low labor discipline and to the absence of workers with the permission of the administration, and 19 percent, to other different causes.

To raise the shift coefficient, it is necessary to create conditions making it possible to draw the maximum amount of existing equipment into the production process. Meanwhile, as checks show, a significant part of the machines and mechanisms do not participate in the production process. For example, in 1982 at 67 machine building enterprises in the republic, out of 39,600 units of the installed equipment, on the day of the survey 18.9 percent was in reserve, in repairs or idle for some other reasons (throughout the country this indicator comprised 14.7 percent).

Intrashift equipment downtime is a great evil. The observation made last year showed that intrashift equipment downtime in basic production lasting more than 5 minutes comprised 12 percent of the allocated time. This means that a worked machine tool shift accounts for almost 1 hour of intrashift downtime.

To eliminate this serious shortcoming, there is a need for a strict observance of operating rules, a prompt and competent inspection of the state of equipment, careful maintenance, elimination of overloads, prevention and a planned preventive servicing of work places. It is no less important to ensure the shortening of the periods of equipment repair and an improvement in the quality of repair work.

It is possible to prevent intrashift downtime only with a constant study and analysis of the causes of downtime. As experience shows, this work has not been properly organized everywhere.

The incorrect planning of the production program of enterprises, in particular without an accurate study of the structure of the available pool of equipment, of the degree of linkage of the capacities of individual production facilities and of the correspondence among individual types of equipment within shops, is one of the reasons for the low level of equipment utilization. In connection with this the work on the formation of the production program and plans of enterprises and, consequently, the organizational and methodological work in this field need to be improved seriously.

Production intensification requires not so much a quantitative as a qualitative improvement in fixed productive capital. Therefore, first of all, it is necessary to accelerate the practical realization of the results of scientific and technical progress. In the decisions of the 26th CPSU Congress the problems of a rise in the technical level of production and of a prompt replacement of existing fixed capital are considered the most important condition for an increase in production efficiency.

Meanwhile, the established assignments for the introduction of new equipment are not fulfilled at many enterprises. New equipment is not always truly more productive and more economical and does not always ensure an improvement in the quality of output.

Many enterprises use obsolete and worn out equipment. Thus, according to the data of the Kazakh SSR Central Statistical Administration, last year at the enterprises of the Ministry of Machine Tool Building and the Tool Industry located in the republic the share of equipment from 10 to 20 years old comprised 48.5 percent, of the Ministry of Tractor and Agricultural Machine Building, 36.7 percent, of the Ministry of Construction, Road and Municipal Machine Building, 30.7 percent and of the Ministry of Machine Building for Animal Husbandry and Fodder Production, 21.4 percent.

And lastly. For the purpose of obtaining a bigger return on fixed capital, it is necessary to strictly observe planning discipline and not to resort to the correction of assignments toward a reduction and transfer of some of them to the last quarters and months. At the enterprises where a firm planning discipline is established at all sections of work, efficient material and technical supply is organized and production plans and obligations for the deliveries of output are fulfilled successfully, output-capital rises steadily.

A more efficient utilization of fixed capital, along with the mobilization of other potentials, will enable industrial workers to ensure the fulfillment of the tasks set by the 26th CPSU Congress and the 25th Congress of the Communist Party of Kazakhstan.

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INTRODUCTION OF NEW TECHNOLOGY

TECHNOLOGICAL INNOVATIONS NEED MANAGERIAL SUPPORT

Moscow IZVESTIYA in Russian 22, 25, 29 Jul 83

[Article by IZVESTIYA special correspondents V. Buldashov, G. Gusakov and V. Romanuk (Moscow-Tallinn-Stavropol): "The Ministry: The Style of Management"]

[21 Jul 83 p 2]

[Text] 1. Not the "Conditional" Impact, But the Real Result

The system for the management of scientific and technical progress, which has been developed in the electric equipment industry, is making the development and assimilation of high class items profitable for the enterprise. However, the efficient use of the system requires the overcoming of stereotypes of thinking and management.

Look around yourself: not without reason do they call our age the electronic age. At home and at work, on the street and in public transportation--everywhere there are the clever and reliable electrical helpers of man. Light, heat, cooling, travel, television and communications--everything to one extent or another depends on the sector which in the national economy is called the electrical equipment industry.

Electrical engineering is a mighty branch of industry, one of its flagships. The Ministry of the Electrical Equipment Industry today is 15 all-union industrial and scientific production associations, hundreds of enterprises, more than a million workers. This sector is one of the most "science-intensive": in it 1 worker in 10 is connected with activity in the sphere of science. Scientific and technical sectorial centers have been organized with respect to the most important types of products and production. We are all witnesses--the rapid development in the 1960's of the chemical industry and electrification of the railroads led to the rapid increase of the production of power transformers and semiconductor devices. Scientific and technical progress was also responsible for the appearance of such independent trends of electrical engineering as capacitor building, the production of cermet items, factory-assembled switch-gears and fluorescent lamps.

The successful strategy of the sector in many ways depends on the management staff, on the style of its work. It is clear: the more rapidly the achievements of scientific and engineering creative work are embodied in electrical engineering items and the higher their technical level, quality and reliability are, the more

efficiently practically all the sectors of the national economy operate. The Ministry of the Electrical Equipment Industry is known not only for its products, but also for the experiments being conducted here, which are aimed at increasing the efficiency and quality of the work of the sector as a whole. The most conspicuous direction of technical policy is connected with the management of scientific and technical progress. In reality this is the management of creative work. But any manager knows from his own experience: the updating of the production program and the reorganization of technological flows for the present are still a painful process. If the customary, established rhythm is upset, the production indicators worsen. For what do they make people answer first of all? For the plan! At best they will take people to task for the slow introduction of new equipment.

And such a stereotype of thinking is hardy. Not by chance was there raised at the June (1983) CPSU Central Committee Plenum the question of the need to form a new type of economic thinking, which is aimed at initiative and socialist enterprise, the increase of responsibility and the creative search for means which lead to the best end national economic result with the least expenditures. The present stage of the building of the economy is making great demands on the workers of the management unit. A comprehensive approach to production planning is required, the importance of the concentration of forces and resources on the fulfillment of the most important statewide programs and of the skillful combination of long-range and current problems has increased; it is necessary to study public needs more closely, to carry out the elaboration of scientific forecasts of the economic potentials of the sectorial complex, to analyze thoroughly the different versions of decisions, their immediate and long-range consequences. But so that the new type of economic thinking would be formed more successfully, the appropriate conditions are also needed.

Comrade Yu. V. Andropov noted at the CPSU Central Committee Plenum: "Unfortunately, comrades, the situation with the introduction into practice of the achievements of science and technology in our country, as you know, is still bad. The manager, who has taken a 'risk' and introduced new technology at the enterprise, has used or produced new equipment, frequently is the loser, while the one, who steers clear of innovations, loses nothing. To elaborate such a system of organizational, economic and moral measures, which would interest managers and workers and, of course, scientists and designers in updating equipment and would make work in the old way unprofitable--that is what the task consists in."

The system for the management of scientific and technical progress, which has been developed in the electrical equipment industry, not only is helping to coordinate the creative research of scientists and designers with the urgent needs of production, but, which is especially important, is making the development and assimilation of high class items profitable for the enterprise. It is no secret that the connection of science and production in a number of instances is ineffective due to the fact that the models of the latest technology, which are proposed for series production, have not always been worked out well. They have to be "refined" for a long time under operating conditions. This alienates production workers, leads to the excessive expenditures of capital and, what is the main thing, to the obsolescence of ideas and the results of developments. Electrical engineers were able to overcome this shortcoming. The work "from the idea to introduction" is based here on supply orders which, having the force of an economic contract and encompassing all the stages of the work on the theme, specify the dates, the specific performers

and the sources of financing. The stimulation of the developers is made from the economic stimulation funds, which are formed by means of the confirmed effectiveness of new items for the consumers and the producers.

And it is smooth not only on paper, but also in metal! In three five-year plans the period of research up to the assimilation of new models has been shortened in the sector to one-half to two-thirds. During this time 7,400 models of new types of machines, equipment and devices were developed here. The economic impact from the use of new equipment increased by 11-fold.

During the current five-year plan generators and power transformers of a high unit power have already been supplied to the national economy, the mass production of a new highly efficient series of AC electric motors, high torque electric motors for NC machine tools and plasma electric furnaces was assimilated.

"Previously the scientific research institutes and design bureaus were detached from production," A. Dzhanoyan, chief of the Technical Administration of the Ministry of the Electrical Equipment Industry, relates. "Many themes were duplicated, which hindered the comprehensive solution of sectorial problems. The institute did not have obligations to the plant, the production workers were equally little concerned about introduction. The set of special-purpose supply orders made thematic plans unnecessary, while the decentralized procedure of financing made it possible to regulate precisely the expenditures of capital, and all the restrictions on new, promising directions were lifted."

Here is just one example. The Stavropol Elektroavtomatika Plant in recent years has introduced in production a range of highly efficient instruments. The series of instruments for papermaking machines, which were developed on a modern component basis, with the use of printed circuitry, has received the good rating of consumers. Drawn aluminum shapes, having replaced rolled ferrous metal products, will decrease the materials-output ratio of items by 30-40 percent. But everything began with the direct and immediate combination of science and production--the sectorial special design bureau, which was based in the same city, was made a part of the enterprise. Prior to the merger a good half of the developments sat on the shelves. What did the highly skilled specialists of the special design bureau work on? Hundreds of thousands of rubles were spent on the development of an electric trawl for catching fish. In the end it turned out that no one needed the trawl, and the theme along with other unpromising ones, with great losses was concluded. The new developments, which were fulfilled in accordance with supply orders, supplied three-fourths of the plant program, the remainder were of sectorial importance.

In the ministry they are especially proud of the recently drafted sectorial standard "The Development of Science and Technology. Planning," its paragraph "1.6," which has now become famous and in which it is recorded that the development of new items and sets of equipment should guarantee the simultaneous creation of such modified versions and designs, which will ensure the complete replacement of obsolete items which are to be removed from production. All the items being newly developed should be included without fail in the standardized design series and arrays of parameters.

The increase of the output of electrical engineering products without an increase of the consumption of material and technical resources was the general direction of

the technical policy of the staff of the sector. During the current five-year plan it is planned to obtain the main saving of material resources by the development of light-weight designs of electrical engineering items with fundamentally new technical and weight characteristics, the production of items with an increased operating life, which decreases significantly the need for these items, the replacement of obsolete designs, the improvement of technological processes and the use of new advanced materials.

On the basis of the comprehensive program of the saving of material and manpower resources, which was put into effect in 1981, during the first 2 years of the five-year plan 180,000 tons of rolled ferrous metals, 9,400 tons of rolled copper, 4,600 tons of rolled brass and 3,700 tons of rolled aluminum were saved. The automatic switch, which was developed last year by the All-Union Scientific Research Institute of Electrical Machine and Apparatus Building (Kharkov), weighs 0.8 kg less than the foreign analogue. While the modified versions of the highly variable induction drive for NC machine tools and industrial robots, which was developed by the NIIE (not further identified) (Novosibirsk) and was introduced at the Krasnyy proletariy Plant, immediately lost 160 kg in weight. However, in the collegium, which discussed the progress of the introduction of the program, it was noted that not all the scientific research institutes and design bureaus are giving priority to the development of resource-saving equipment and technology, as a result of which some types of machines and devices with respect to the basic parameters are inferior to the best modern analogues.

The search for specific means of decreasing the materials-output ratio to a great extent depends on the ability to analyze the design and to find the spots where the possibilities of its improvement lie. Previously it was customary to rely on the instinct of the designer. The 20 parent institutes and 46 base centers are in charge of the work on the use of this nontraditional method. It is already playing a perceptible role in the implementation of comprehensive systems of the management of the increase of production efficiency.

At the headquarters of the sector they are also not shutting their eyes to the fact that with the changeover to the production of new items the manufacturing enterprise loses in the growth rate of the production volume, since the volume indicators during this period inevitably decrease. Time is required for the adjustment of the technology and the increase of the skills of personnel, losses occur in the growth rate of production, labor productivity, wages and in the end in the incentive funds. In order to stop these losses, they have begun to take into account when determining the growth rate of the production volumes and labor productivity the economic impact of new types of items of the highest quality category, that is, the saving of operating and capital expenditures, which the consumer obtains from the use of this item. The producers of the new equipment also obtained real gains in the cost accounting indicators. For example, there was a large percentage of the updating of products at the Leningrad Elektrosila Plant, the labor-output ratio increased significantly. But owing to the consideration of the proportion of the impact for the consumers the enterprise obtained a higher growth rate of both the production volumes and labor productivity.

To what are all these experiments attributable? Of course, to the search for the optimum version, the more effective implementation of management decisions. We asked the minister about the opinion expressed by some economists concerning the lack of rights in making independent decisions of a fundamental nature.

"I regard as incorrect the laments, which are heard at times, that the ministries are unnecessarily regulated in their rights," Anatoliy Ivanovich Mayorets says. "Our opportunities for the efficient management of the sector are quite great. This is the management of material resources, personnel, finances. We can at our own discretion allocate resources, redistribute them and demand an account of their use, can carry out the transfer of personnel, which we need. Immense financial resources are in the hands of the ministry, the bonus fund alone comes to hundreds of millions of rubles. It is entirely a matter of how we use the granted rights, how we draw up and balance our plans, how we dispose of the capital."

And this very "how" makes it incumbent to evaluate more critically the results of the management activity of the staff of the sector, including in their "crown" strategy--the management of scientific and technical progress. For example, today at the Moskabel' Plant there are 12 supply orders in the works. The developments are being carried out in cooperation with the Scientific Research Institute of the Cable Industry. Why, as should have been expected, was the influence of such "cooperation" on the production program of the enterprise, which has been operating erratically for a number of years now, not that appreciable?

"They are using poorly what new equipment provides," S. Veselovskiy, chief of the Technical Division of Soyuzelektrokabel', is convinced.

"Cooperation with science is expensive, while the return is less than one would wish," I. Lobzina, deputy director for economics of the Moskabel' Plant, says. "We need effective developments on new types of technology, the mechanization of loading and unloading operations, the more thorough specialization of production, but there are very few of them."

Scientists and production workers, who are loosely connected organizationally, each often play their own "horn." And it is not always profitable to introduce an innovation, to decrease the production cost by improving production and to approve advanced technological processes. The situation with developments, which obviously guarantee a direct economic impact, as a whole is quite good. But what if the measures do not promise a considerable impact? Or in general "merely" improve working conditions, free people from difficult manual operations and thereby decrease the turnover of personnel? Such developments carve their way with difficulty, although in the unified fund there are items, in accordance with which these expenditures can be offset.

Many problems, which we were told about, disappear as soon as the fusion of science and production, which has already been outlined, is firmly established organizationally and economically. Four-fifths of the design bureaus and nearly half of the scientific research institutes of the sector have already been included in the corresponding production and scientific production associations. And still the work on minor themes has not been overcome everywhere, at times the inertia of old ideas is in effect.

No, it is quite impossible in science, even sectorial science, without fantasies, dreaming, discoveries, and at times mistakes as well--such is the bread of theorists and developers. But the ministry is first of all an organ of economic management, and its primary concern is the smooth, harmonious operation of the entire sectorial complex. No matter how the systems and programs are improved within the walls of

the ministry, if the enterprises do not work for the end result, the cost for all the comprehensive programs, methods and scientific research will be negligible. But about this in the next article.

[25 Jul 83 p 2]

[Text] 2. How to Share Responsibility

Both the enterprise and the ministry are as if equally interested in the drafting of a practicable, well-balanced plan. But serious contradictions, which lead at times to considerable national economic costs, arise precisely at this stage.

Let us give full credit to the experiments which are being conducted in the ministry, to the impressive comprehensive programs and systems. But it is difficult to shake off the thought: Why do they, which look so complete and fundamental in the ministry's orders, not always "work" toward the end result when descending upon the sinful land, that is, the plant shops? Even the advanced initiatives of the electrical engineers, which recently resounded throughout the country, have somehow gone bad. How, for example, is the Dinamo method of planning for each workplace--this "firm" experience of the sector--working?

"The point is that the Dinamo Plant itself is operating erratically," V. Astaf'yev, chief of the Economic Planning Administration, said after some hesitation.

"Why is that so?"

"We knocked it down with the plan."

Let us note a fact--it is very noteworthy: last year, having received from consumers fines for the failure to deliver machines and devices--the amount of the fines came to several million roubles--S. Demidovich, general director of the Dinamo Electrical Machine Building Production Association, took a desperate step. He forwarded the finds to the USSR Ministry of the Electrical Equipment Industry. He has also done the same thing with the fines, which have already been presented to the plant this year.

"The main thing which the collective is striving for," S. Demidovich says, "is a balanced plan. For the fourth year in a row the Dinamo Plant is being pressed. The products list, which is set in the plan, in cumulative terms exceeds by 15-18 percent the production volume. This gap is connected with the fact that somewhere the capacities have not been put into operation or have not been developed, while this increase is being loaded on us--who else! As a result we are fulfilling the plan of deliveries at the level of 90 percent."

At the plant much is being done to overcome the lag, the technical updating of production has been developed extensively. Annually the expenditures of resources per unit of items and per unit of capacities are decreased substantially here, a search for new designs is under way. Thus, by using the method of value engineering, it was possible to cut in half the expenditures of metal when producing cam components, while about 2 million of them are produced annually. The changeover of the winding of armatures to machine tools with programmed control is making it possible

to increase the output per worker by six- to eightfold. The renovation and retooling of the plant are being carried out in stages, on a fundamentally new basis. In particular, robotized complexes, processing centers and automatic machines for assembly operations are being developed, a plasma metal cutting system has been introduced.

And still the impracticability of the plan was obvious for those who compiled it, but for some reason all the responsibility rest with the performers. It is unjust! Therefore they forwarded the fines to the ministry. Let it pay for its faults. Now a decision of three departments--the USSR State Planning Committee, the USSR State Committee for Material and Technical Supply and the Ministry of the Electrical Equipment Industry--in accordance with which the interests of the plant will be protected, has finally been reached. In the middle of the year there was done what should have been done back during the formulation of the plan: the possibilities of the enterprise were analyzed in detail, the needs of the consuming sectors were evaluated critically. Capacities were found for the reconditioning of electric motors, in order to decrease the deliveries for replacement. The plan of the plant is being placed in a normal framework.

But the question remains: Did the matter have to be taken to extremes? And why did the managers of the All-Union Electric Carriers, Lifting and Transport Equipment Industrial Association not come in time to the defense of the enterprise, but, on the contrary, this year approved for it a plan which exceeded by 16 percent the real possibilities? To ensure the balance of the plan--is this not the main concern of the staff of the sector? Yes, the plan should be a stepped-up one, which stimulates the increase of productivity and provides the prospect of development. But it should without fail be practicable and coordinated with respect to all the basic sections. Without fulfilling the plan of deliveries, the Dinamo Plant annually lost material incentive funds, the payments of the 13th wage were reduced, but what is one to say about the mood of the people who not through their own fault have found themselves among the laggards.

The adjustment of the plan is a scientific-like synonym of the undisguised word "decrease." It was selected, as they say, in order to obscure the issue. The operation on the reduction of the figures or their increase does not conceal any threat to those who are permitted to do this, those who are to fulfill the plan bear all the responsibility. The Dinamo workers proposed their own version of the sharing of responsibility with the ministry.

We had a long discussion about this with the managers of the Tallinn Vol'ta Plant. Here the story also has sort of a happy ending, but still we decided to touch upon the very pointed interrelations of the plant with the ministry, in which the staff of the sector displayed, alas, deafness to the needs of the collective. Let us begin with the fact that more than a year ago Chairman of the Estonian SSR Council of Ministers V. Klauson wrote in IZVESTIYA (No 131/132 for 1982): "We have repeatedly asked the executives of the Ministry of the Electrical Equipment Industry to look into the state of affairs locally, but have received only formal replies. But meanwhile the Vol'ta Plant continues to ruin the plan. The regular labor force is leaving the enterprise, since they do not sense attention to production and, hence, to themselves."

This public accusation was the last straw. Look into things? By all means. Two deputy ministers--N. Galev and G. Bochkarev--and 12 chiefs of administrations of the ministry came at once to the Vol'ta Plant--an unprecedented event in its history.

A month after the last commission the minister signed an order from which it followed very obviously that the managers of the plant were to blame for everything. And there was not a word about the responsibility if only of the functional administrations of the ministry and the All-Union Electric Carriers, Lifting and Transport Equipment Industrial Association. True, in the same order there are about 30 assignments for the administrations of the ministry and the management of the all-union industrial association. But the fate of the regular director, who gave so much "trouble," was decided outside the order.

Of course, in recent years many republic organizations--from the State Planning Committee to the Central Committee of the Communist Party of Estonia--have actually dealt from day to day with the Vol'ta Plant, and it is clear why. There is nothing worse than a bad reputation, especially against the background of the overwhelming majority of quite successful enterprises of both republic and union subordination, which operate smoothly from year to year. And of course, as in a harmonious, well-tuned orchestra a wrong note immediately attracts the attention of the conductor, the work of the Vol'ta Plant aroused by its discordant note among the republic organizations the natural desire to look into the causes of the disruptions, to help, to teach and, finally, to call to account the culprits. The republic Council of Ministers regularly brought in representatives of the Ministry of the Electrical Equipment Industry, which, of course, could not but have irritated its executives.

Go through the volumes of correspondence, and the tone of the documents amazes you. From the plant to the ministry there are the cries of a drowning person who is no longer able to clutch at a straw. From the ministry to the plant and in the ministry itself there is a calm, pacifying tone: he did not deliver it, but he was to have delivered it, he did not make up his mind, so steps must be taken. What are the roots of such equability? The ministry did not meet its obligations to the plant, and when the time came to give an account, it behaved like the owner out of whom you will not get anything.

People reacted to the planning lea-frog in a most direct manner--some left the plant with a bad reputation, others simply avoid it. In Tallinn, where 96 percent of the able-bodied population works and there are absolutely no idle manpower resources, at many enterprises there is a shortage of regular labor. And at the Vol'ta Plant, which previously was most successful in this respect, in 3 years they have already lost more than 200 workers, including about 100 engineering and technical personnel.

Every manager, every worker, engineer and technician knows what the nonfulfillment of the plan means. Not the ministry, but each of them incurs considerable moral and material losses. In recent years the Vol'ta Plant has constantly not reached the set plan of several thousand motors. But the most offensive and insulting thing for the collective is the adjustment of the plan at the end of the year. For 11 months everything is in the minuses, while right before the new year it turns out that the plant has fulfilled the plan according to all the technical and

economic indicators. Last year, for example, they removed from the plan more than 60,000 motors, while the fines by that time exceeded 2 million rubles, so far they have scraped together only 887,000 rubles. There is no more--the plant for a long time now has been under special conditions at the bank, it goes with its hand held out for wages. It is all right itself, but in what a position it is putting tens of plants of the country--for you will not turn one unit, machine out of the gates without an electric motor. But judging from the annual ministerial reports, since 1978 the Vol'ta Plant has operated simply remarkably, although in reality, according to the plant reports and the wages of the workers, it could not be worse.

They finally approved a practicable plan for the Vol'ta Plant for 1983. The plant is beginning to operate stably. But were the costs from impracticable planning not too great?

The expression: they "planned" the plant, has quite recently been current among managers. This means that they approved a plan known to be impracticable. The discrepancies of the volume of the commodity output with the manpower and material resources come to light immediately. But the manager of the enterprise in the All-Union Industrial Association is far from always able to defend his version of the plan, since the All-Union Industrial Association usually acts only as a transfer unit. It is not able to dispose of resources in the optimum way, it does not deal with the distribution of equipment, it is simply not able to balance the plan and to make a thorough analysis of the state of affairs at each enterprise.

There is also the following expression: "the defense of the plan." This procedure takes place in the USSR State Planning Committee and reduces to proving the impossibility in case of such few resources of making more, if only of the same electric motors. Any increase of the plan should be accompanied by the comprehensive settlement of all the questions with respect to its backing--from the allocation of resources and equipment to the creation in case of need of new areas or even the increase of the number of workers. For the plan should rest on a realistic basis. If one unit has fallen, the plan goes to pieces like a house of cards.

The plan on the production volume is usually coordinated precisely with the number of people. Resources are allocated according to weighted average norms--from the base year. But the range of items, as a rule, changes, and changes not in favor of the enterprise--a shortage of resources occurs already here. The director begins to fight for the revision of the weighted average norm, and by the middle of the year he succeeds in this. Then the superior instances attempt to adjust the funds, but the question of their attachment to specific suppliers, who have their own plans and their own potentials, arises.

In the end the plant is left without resources, as happened with the Dinamo Plant in 1983. General Director S. Demidovich with his economic services was able to prove only in April the unobjectiveness of the weighted average norm, but it did not become easier because of this: the plant owed for the first half of the year 5,000 electric motors for various sectors of the national economy. Today the resources for 1984 are already being planned, again according to the weighted average norms, and again this may turn into a "trap."

"This is a matter of the staff of the sector," S. Demidovich says. "But for a long time it has been hesitating. The products list plan should keep within the

production volume--this is clear, orders are issued precisely against the products list, assurances are given to related industries, the enterprise is prompted to conclude contracts which it is not capable of fulfilling. And as a result the fines grow like a snowball. Who needs such playing with the plan? It is impossible to plan production realistically by taking a consolidated products list as the basis. It is necessary to take a detailed products list, in accordance with which contracts are concluded--this is the means of a practicable, balanced plan.

The ministry plans for the enterprise more than 40 indicators, whole bunches. For example, the planning of the number of workers is augmented by the regulation of the internal composition of the workers (technicians, engineers, bureaus of various types). The planning of the saving of resources is described by types (ferrous, nonferrous metal, dynamo steel). Subject to the formulation of the question by the ministry the director also selects the corresponding attitude. For example, if the growth rate of labor productivity is regarded as of paramount importance, the manager seeks effective means of developing production. If a decrease of the labor-output ratio is demanded from him, then and there variants are possible: decrease the share of service personnel, and the sought indicator will creep upward.

Additional measures on the broadening of the rights of the production associations and enterprises of industry in planning and economic operations and on the increase of their responsibility for the results of work were specially examined recently at a meeting of the Politburo of the CPSU Central Committee. These measures, which ensue from the decisions of the 26th party congress and the subsequent plenums of the CPSU Central Committee on the improvement of the economic mechanism, have as a goal to improve the planning of the activity of the basic unit of industry--production associations and enterprises, and to create such conditions, which would stimulate high-quality, highly productive labor, initiative and socialist enterprise and would ensure the acceleration of scientific and technical progress and the intensification of production. Thus, more extensive opportunities are being afforded for the search for the optimum versions of economic and management decisions.

In the ministry they proudly stated to us the figure of 80,000 descriptions of items, which are produced by the sector. But does the national economy need that many? The standardization of items is being carried out slowly, but for the present the matter has not gone farther than the statement of this fact. A large number of all-union state standards are in effect in the electrical equipment industry. And an enormous army of monitoring organizations, including the State Committee for Standards, the quality inspectorates, the Chamber of Commerce, the Ministry of Railways, foreign trade, registry and other organizations are engaged primarily in checking the conformity of items to the standards. But it is possible to name many instances when in case of conformity to the all-union state standards the items poorly serve consumers. In a large number of instances the standards hinder standardization, impose all kinds of prohibitions and check technical progress.

In the opinion of many managers, the method of calculating capacities and evaluating them became obsolete long ago. Equipment becomes obsolete in 3-5 years and wears out in 10 years. But the capacities are evaluated with respect to a set of equipment--regardless of its age, but the plan is formulated on the basis of this.

A now prestigious indicator is the output of products with the Seal of Quality. The ministry monitors strictly the increase of such products. But the producers

and consumers incorporate different concepts in the concept of quality: for the former this is conformity to the specifications and all-union state standards, for the latter this is the productivity, durability and reliability of the item. But the guaranteed service life for a machine, whether it has the Seal or Quality or not, is usually the same. They demand from the enterprise: more items with the Seal of Quality and decrease the materials-output ratio.

Everything seems to be correct. But are situations, when it is wise to agree to an increase of the cost, but to lengthen the service life, really ruled out? In the end this will also be a decrease of the materials-output ratio, but already on the scale of the national economy. In each such case the optimum version should be found. Even if it does not fit into convenient customary schemes.

We will continue the discussion of this in the concluding article.

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[Text] 3. The Unknown Operation of Arithmetic

Success in the pursuit of technical policy in many ways depends on the style of work of the staff of the sector, its ability to aim the efforts of hundreds of collectives at the achievement of the end result. Why are not all, even well-prepared decisions implemented?

Let us set off to the meeting of the ordinary collegium of the Ministry of the Electrical Equipment Industry. In our official capacity we attended the meetings of the collegiums of various ministries and heard many hours of discussions of a large number of questions. In the Ministry of the Electrical Equipment Industry we did not see this--here the emphasis is placed on the examination of long-range problems, the decisions being made are of a special-purpose and long-term nature. Moreover, the cardinal questions of the development of the sector are discussed at the joint meetings of the collegium and the party committee of the ministry.

In March of this year the expanded collegium discussed the means of increasing the output, updating the assortment and increasing the quality of goods for the people. In other situations this question would have been lost among the large number of other ones, they would have signed another decree, made copies of it and sent it to the performers, and it would have taken its place in the line of questions which one plant or another is working on.

This time the collegium began at an exhibition of goods. It was of an entirely practical nature. Items of yesterday, the production of which does not suit the sector, were lined up next to the latest goods--household machines, lamps, heaters, tools. As a result the display clearly showed the place of each enterprise in the production of goods, the meeting of demand and the improvement of the quality of items. All this made it possible to conduct the discussion in the collegium on an entirely specific basis.

In the headquarters of the sector they were convinced that any decision is effective only when it is included in a well-balanced, well-considered system of management decisions, when the order on a specific group of questions regulates the

corresponding style of activity of the local units of economic management, the uniform approach and the uniform technical policy. An order on the further development of the technological subdivisions of enterprises and organizations and the increase of the effectiveness of their activity was issued at the very beginning of the 11th Five-Year Plan. It was specified by the order that every scientific research institute should have a specific composition of technologists, a standard on the amount of technological operations was established, while in 1983 this measure was supported by putting an economic lever into effect: the wage fund is established in precise conformity with the standard.

Now in accordance with the recently adopted decree of the CPSU Central Committee and the USSR Council of Ministers, "On Additional Measures on the Broadening of the Rights of Production Associations (Enterprises) in Planning and Economic Operations and on the Increase of Their Responsibility for the Results of Work," the Ministry of the Electrical Equipment Industry is among five sectors which are becoming the base for the conducting of a new experiment.

As Minister A. I. Mayolets told us, those kinds of conditions, under which the director of the enterprise himself asks for a more intensive plan to be given to it, are being created. The fact that the wage fund, the production development and material incentive funds and the fund for sociocultural measures and housing construction are stable for the enterprise, prompts him to do this. But the collective can achieve the further increase of production only by the increase of production efficiency.

The managers receive the opportunity to actively influence the formulation of the plan, in particular, to make the volume and physical indicators more precise. Moreover, whereas previously--in conformity with the prevailing instructions and statutes--it was possible, without fulfilling the plan of deliveries, to quietly receive bonuses in accordance with several of the 17 bonus systems, now it has been decided to estimate the level of the bonuses only according to the following items: the output of products with the Seal of Quality and their deliveries; the saving of resources; the increase of labor productivity.

The development of new equipment from the very start should be DIRECTED [in bold-face]--on the basis of well thought out decisions. You talk to a managerial worker--and the telephone does not disturb you, there is no crowd in the waiting room. In the staff of the ministry the following procedure was established long ago: there are no conferences and meetings before 3 pm. The computer is being involved more and more actively in the accomplishment of administrative tasks. The computer, which has been installed on the 15th floor of the ministry, is already carrying out the processing of documents, is providing advanced information on the nature and dates of the fulfillment of some administrative tasks or others, retrieves and displays the necessary documents. The task is being posed: to standardize the correspondence on the most frequently recurring problems (supply questions, the delivery of complete sets of equipment, deliveries). This will make it possible to free the workers of the ministry from routine work.

We wish to touch upon a delicate management problem: awareness is in great favor among those who at times are not responsible for anything. Making subordinates responsible, it seems to them, firmly establishes authority, it is possible to shine before the superior instance with information, the existence of which no one there suspects.

At the Moskabel' Association they acquainted us with a teletype message from the ministry: "Instruction number 12-VG on the submitting to the main computing and data processing center of information on the fulfillment of the plan of sales with allowance made for contracts, obligations on deliveries is not being fulfilled by you," it was stated in it. "Within a 3-day period submit to the production administration an explanation of the reasons for the interruption of the transmission of information for 10 days of May. In the future ensure transmission according to the schedule."

The discussion of M. Ivoylova, chief of the Planning Division, with Deputy General Director for Economics I. Lobzina is also about this.

"Again we are disrupting the information on deliveries for a 5-day period. The marketers are delaying: what, they say, is the sense of it--they are only unnecessary papers which will not be able to influence anything."

"Fine, I will try to prevail upon the Marketing Division," Lobzina reassured her.

But she also has doubts about the innovation: Will it not be an additional monitoring operation which is no good? For behind the value of the products, which were shipped over 5 days toward the contract of the current month--and precisely this information must be submitted--neither the range of items, the specific clients nor how the backlog on deliveries is being eliminated, are visible even at the enterprise. The accounting system, which was installed at the computing and data processing center of the sector, at the Moskabel' Association became the 41st form of statistical reporting among those which have not been approved by the USSR Central Statistical Administration, but are regularly interrogated by the ministry, the All-Union Soyuzelektrokabel' Industrial Association, sectorial scientific research institutes and other organizations, through the rayon job placement bureau.

"How is the information obtained from enterprises being used?" we were interested in finding out from A. Pinskiy, deputy chief of the Production Administration of the ministry.

"The introduction of the system has just begun and for the present is being carried out at the top level. It is necessary for it to take root at the enterprises."

"Did the new indicator influence the deliveries in accordance with the range of items?"

"In 5 months of the year of the 46 line items we did not 'extract' 21."

Who is arguing: it is necessary to tighten up the discipline of planned deliveries and it is possible only to welcome specific steps. In this case the measure did not work, since it was of a formal nature. The director of the enterprise knows as it is what has been shipped and what has not, what items are "in the works," and he knows this every day. The information requested after a 5-day period for the workers of the all-union industrial association is similar to a warning light, they said at the ministry. However, it is featureless. The "light" records complete well-being, when the enterprise is delivering expensive items and at the same time is interrupting the delivery of inexpensive ones. And, vice versa--with a red warning light, if the enterprise, while punctually making settlements with clients, ships during the 5-day period only inexpensive items.

In short, this information does not add anything to the information on the situation at enterprises, which has been established by the USSR Central Statistical Administration. But it is well known that what is useless is harmful. And to such an extent that the term "the fifth operation of arithmetic" has become current at plants. From our school days we knew four, we became interested in what this is.

"But this is the plan 'from the light,'" they explained to us in "electrical engineering terms" with a sad smile, "which is surrounded by underground statistics--you only hear: provide information for the 10-day period, the day, they are finding their way to the shifts...."

What is this, a passion for excess information or the costs of the normal need for operational information?

At the headquarters of the sector they lament the unbalance of the plan and explain that the planning organs are not approaching comprehensively the solution of problems. Frequently a functional approach shows through: breaks appear at the seam. But the same thing happens in the staff of the ministry, the structure of which is also constructed according to the functional principle. In the opinion of the executives of the Ministry of the Electrical Equipment Industry, the maximum number of items should be covered by planning, which would make it possible to compile better the balances for the national economy. But such an approach also does not exclude situations, in case of which one stably operating plant or another will be "knocked down by the plan."

The members of the collegium, with whom we had occasion to talk, spoke about the fact that the ministry also cannot always use its rights as the situation requires. There arose, let us assume, the situation: it is necessary to transfer resources from one enterprise to another. They are located close by. The ministry has such a right. But the matter should be settled through supply organs, and this is a lengthy process. Or it is necessary to build at some enterprise a warehouse, a dining room, treatment facilities, a dispensary. All these projects according to the existing classification pertain to new construction projects. This means that it is necessary to draw up the plan, to submit the matter for approval to the USSR State Planning Committee and to seek the inclusion of the projects in the title list.

Let us take another elementary situation. A plant has not been put into operation on time, but the plan has already been approved for it. It would be possible to forward in good time the equipment intended for it to another, operating plant, where areas exist, and to organize the output of products. But the ministry does not have the right to change the planned assignment of equipment, although this is wise from all points of view. On the one hand, it seems to have been entrusted to dispose of resources and, on the other, there are prohibitions which eliminate the possibility to make a wise decision.

The work of the specialist of the ministry is responsible. In contrast to the plant, where the result is visible daily, here time is required in order to see the fruits of a correct decision or the negative consequences of an all-considered decision. All this makes it incumbent to weigh and calculate everything over and over again, to think. In the staff of the Ministry of the Electrical Equipment Industry a precise and fair system of promotion is in effect, people are rarely hired

from outside. Everyone knows: enterprising, creative work will be appreciated and noted.

But at the same time the question of improving the structure of the management of the sectorial complex became ripe long ago. It has existed in unchanged form for many decades. And today it is becoming more and more obvious that the individual functional units--the economic planning, the technical, the production, the financial and other administrations--to a certain extent are isolated from each other and work at times separately, without the proper coordination. Such a delimitation of functions also exists within the administrations. But someone should coordinate the activity of these management units. In the collegium of the Ministry of the Electrical Equipment Industry this question has repeatedly surfaced, but everything ended with the discussion. The first step was taken just recently: within the Economic Planning Administration it was decided to create the Division of Comprehensive Planning, which was commissioned to coordinate to a greater extent all the sections of the plan and to join all its threads into a single knot.

We were confronted with a paradoxical situation: the staff of the ministry, which is actively dealing with the improvement of the system of the material stimulation of the workers of enterprises, in reality does not have its own bonus system. At one time a proposal on the creation of a bonus system of the central staff of the ministry was submitted to the central departments. However, a counter condition was proposed: in case of the assurance of the 100-percent fulfillment of the plan on the range of items. But in the national economic plan more than 150 line items are approved, and there are always internal or external reasons for which some of them fall through.

In recent times we have frequently spoke about the right of the manager to take risks. But given the formed system of regulations and prohibitions the manager in practice is deprived of such a right. And if you want to take a risk, they will not let you. But without the right to take risks it is difficult to count on the initiative and boldness of both management and administrative decisions. The Ministry of the Electrical Equipment Industry, which today is in the front lines of technical progress and directly and immediately influences all our industry, should be a model of the management of one's own sector. And for this it needs all the rights, all the responsibility, just as enterprises do--responsibility for the main thing, the name of which is business. And the right to accomplish at its own level its own part of the national economic task.

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